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Cooperative Labor-Management Worker Adjustment Programs



U.S. Department of Labor
Bureau of Labor-Management Relations
and Cooperative Programs

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U.S. Department of Labor
Elizabeth Dole, Secretary

Bureau of Labor-Management Relations
and Cooperative Programs
John R. Stepp,
Deputy Under Secretary

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FOREWORD

Plant closings and layoffs affect workers in many different industries in all parts of the U.S. During the 1980s, the problems of plant closings became an issue commanding national attention and concern as millions of workers lost jobs. One result has been some new legislation, enacted in 1988, that provides for advance notification and a comprehensive new dislocated worker training program.

The Workers Adjustment and Retraining Notification Act (WARN) requires companies with 100 or more full-time employees to give 60-day advance notice of layoffs or plant closings. The Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) replaces Title III of the Jobs Training Partnership Act and requires States to set up a dislocated worker agency which has rapid response capability, fosters labor-management cooperation, and provides technical assistance to local agencies aiding dislocated workers.

While this research monograph was completed before these laws were enacted, the companies and unions studied by the researchers voluntarily used many of the techniques and procedures now legally mandated. The experiences detailed in this study should provide invaluable lessons for management, unions, State and local officials, and others involved in plant closing and dislocated worker issues.

There is a distinct—and important—role for cooperative labor-management practices in dealing with plant closings and mass layoffs. For more than two years, the Bureau has participated in a demonstration project with the National Governors Association to test the rapid response techniques used by the Canadian Industrial Adjustment Service. The results of this project, along with the findings detailed in this monograph, persuade us that a combination of advance notice, rapid response, and the use of a labor-management-neutral committee is the most effective approach to reducing the harsh effects of plant closings by helping workers regain their self-esteem and find new, satisfying employment.

John R. Stepp
Deputy Under Secretary
Bureau of Labor-Management
Relations and Cooperative Programs



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INTRODUCTION

For much of our nation's history, plant closings and permanent layoffs were accepted as the inevitable product of economic progress. Workers who lost their jobs were expected to find new ones, with little assistance from the company or government. In recent years, however, as plant closings and work force reductions have become more widespread and have occurred in the nation's largest and most strategic industries, there has been an effort to reduce the impact of large-scale layoffs on workers.

This trend reflects both a national concern for the plight of these workers and an awareness that plant closings and major layoffs are part of a fundamental restructuring of the nation's economy. This restructuring has changed the way labor, management, and government view and respond to plant closings and work force reductions. No longer are these economic dislocations seen simply as an unfortunate side effect of economic progress; instead, they are viewed as a warning that the nation must prepare today's workers for the jobs of the future.

As early as the 1950s, there were public and private initiatives to address the needs of dislocated workers. The first significant labor-management initiative to focus on plant closings occurred in 1959 at the Armour Co. After closing a number of plants between 1956 and 1959, the company established the Armour Automation Foundation, with a \$500,000 contribution, to study "the problems resulting from the modernization program and [to make] recommendations for their solution including training employees to perform new and changed jobs. . . ." (Kennedy, 1962, p. 143).

The program was directed by a committee with four management and four union members, and an impartial chair. Clark Kerr was the first chair; later George P. Shultz was named co-chair. Shultz and Wever (1966) described the workings of the committee:

In approaching its tasks, the Committee and the parties moved from an initial stage of fact-finding and experiment to the modification of existing policies through revision of the labor agreement, and then to a period of intensive administrative effort (p. 9).

The committee initiated studies on interplant transfers, severance pay, advance notice of closings, and other issues. As a result, provisions were added to the company's labor contract that required 90 days notice prior to a plant closing and established an interplant transfer program.

The committee's efforts raised questions about the effect of State and local policies on dislocated workers. For example, several States treated severance pay as income, which meant that workers in those States were ineligible for unemployment compensation while they

received severance pay even though they were out of work. Because of the committee's work, community and local agencies across the nation developed programs to address the needs of dislocated workers. Furthermore, the committee supported requests by State and local employment services for MDTA training slots (see below).

The committee also played an active role in assisting workers who were laid off from Armour plants. When the company made the decision to close a plant, the committee established an office in the city where the facility was located. The office served as an information center; provided partial payment for some training programs; sponsored basic education and GED classes (usually in-plant, after hours); and referred dislocated workers to potential jobs. Armour union employees usually staffed the office.

During the time that the Armour Automation Fund was most active, unemployment was on the increase nationwide. The hardest hit were unskilled workers, particularly those who were older, less educated, and members of minority groups.

During the early 1960s, increased concern over economic dislocation and technological change prompted State and Federal officials to focus on the problem of large-scale job loss. Six New England governors established the Permanent Committee on the New England Textile Industry in an attempt to stem the decline in textile jobs. But when it became clear that there was no way to save these jobs, the group refocused its efforts on attracting new industries to the region.

At the national level, the Manpower Development and Training Act (MDTA) of 1962 provided funds to retrain workers displaced by new technology. However, when massive technological dislocation failed to occur, the program's focus shifted to address the problems of the poor and unemployed.

The Comprehensive Employment and Training Act (CETA) of 1973 consolidated a number of Federal employment and training programs and gave State and local governments a greater role in administering them. With the Trade Act of 1974, Congress created the Trade Adjustment Assistance program, which provided financial assistance to workers who lost their jobs as a result of foreign competition.

But it is only in this decade that labor, management, and government have cooperated on an industrywide and national scale to reduce the impact of job loss on workers. In 1982, Congress approved the Job Training Partnership Act (JTPA) to replace CETA. JTPA emphasizes private and public sector cooperation in job training and placement programs. Title III of JTPA, which targets funds for a program that assists dislocated work-

ers, has played an important part in all of the programs covered in this study.

Throughout the 1980s, there have been a number of cooperative efforts involving the public and private sectors to develop programs to help dislocated workers. A growing number of companies have provided severance benefits and job search workshops to dislocated workers. As this monograph describes, labor-management initiatives in key industries are changing the way companies and unions approach plant closings and major work force reductions.

The most successful programs have been comprehensive worker assistance centers, which provide a central point for job training, referral, and counseling, along with other services. These centers are usually established through a tripartite effort of companies, unions, and public agencies. However, most firms have not progressed from the limited job workshop approach to the comprehensive worker assistance center model that we focus on here. A recent report by the U.S. General Accounting Office, **Plant Closings: Limited Advance Notice and Assistance Provided Dislocated Workers**, notes that only a third of employers offer any job search assistance when a plant closing occurs.

Although service centers and other cooperative efforts at worker assistance are becoming more common, the United States is now only in the early stages of developing a systematic approach in this area. The recent enactment of the Worker Adjustment and Retraining Notification (WARN) legislation requires notification of major work force reductions; and the newly revised version of JTPA Title III Dislocated Worker Program now includes an explicit role for Private Industry Councils and local governments in operating adjustment programs. Thus, public agencies now have a mandate to respond to layoffs; however, they often have little understanding of the labor-management dynamics surrounding plant closings or large-scale work force reductions, and they are often unprepared to intervene effectively. In addition, many public agencies fail to recognize the important contributions that companies and unions can make in planning and operating programs for dislocated workers.

Methodology

Since 1980, the authors have observed and participated in the development of cooperative worker assistance programs at more than 40 companies. We have selected four plant-specific programs and one unionwide program for in-depth analysis. However, many of our findings are supported by our experiences with other

programs as well. We selected the programs for in-depth study based on the following criteria:

Variety: Programs that demonstrate the variety of circumstances under which worker assistance programs operate in terms of collective bargaining frameworks, the amount of advance notice given to employees, prior cooperation between company and union, the role played by public agencies, the program's status, and other key factors. Some programs were created in response to plant closings, others to work force reductions.

Cooperation of Participants: Willingness of union representatives at the international, district, and local levels and company officials at the corporate, division, and plant levels to allow researchers to observe and document the programs.

Achievement: The degree to which a program succeeded in helping workers make the transition to new jobs or careers. We interviewed a wide range of participants including assistance center staff; members of the center steering committees and working groups; company officials at the corporate, division, and plant levels; union representatives at the international and district levels (as appropriate); representatives of State and local agencies; and a small sample of workers who participated in the programs.

Labor-Management Dynamics

Although much has been written on the subject of assistance for dislocated workers, including guidelines for establishing assistance centers, there is still a need for better understanding of the dynamics of these cooperative efforts: the roles played by companies, unions, and the public sector in the development of the centers; the impact of the programs on other aspects of labor-management relations; and the process by which successful cooperative programs are planned and implemented.

In this monograph, we examine the stages that led to the establishment of service centers for dislocated workers in several companies. In addition, we describe how the companies and unions worked with public entities including community organizations and JTPA Title III agencies to develop a genuine tripartite approach to worker assistance.

We hope our analysis will bring a greater understanding of the vital roles that companies, unions, and public agencies can play in establishing and supporting a

truly cooperative approach to dislocated worker assistance programs. We believe that our research will complement current State and national efforts to develop a consistent intervention strategy.

Case Studies

The four plant-specific case studies focus on worker assistance centers sponsored jointly by the following companies and unions: Allied-Signal Corp./United Automobile, Aeronautics, and Agricultural Implements Workers (UAW), Vincennes, Ind.; General Electric Co./International Union of Electrical Workers (IUE), Schenectady, N.Y.; International Harvester Corp. (Navistar International Corp.)/UAW, Louisville, Ky.; and Bethlehem Steel Corp./United Steelworkers of America (USWA), Sparrows Point, Md.

One additional case study examines the USWA unionwide model assistance center program. Elements of this model have been incorporated into collective bargaining agreements with every major steel company. The Bethlehem Steel-Sparrows Point case study illustrates how this approach worked at one site.

Besides providing plant-specific information, we have examined collective bargaining frameworks and companywide or unionwide approaches to worker assistance in the case studies. In the absence of a systematic approach to worker assistance at the local, State, or Federal level in the United States, it is corporate and union policy that will create the pattern of worker assistance in this country.

We have also included material illustrating how labor-management cooperation in worker assistance programs has been expanded into the broader arena of collective bargaining agreements and company-union policies and practices.



PART I: ESTABLISHING A WORKER ASSISTANCE CENTER

The Cooperative Worker Assistance Center Model

Each of the programs in our study employed a similar approach to organizing and delivering services to workers who had lost their jobs as a result of a plant closing or a work force reduction. Two of the key elements of this approach are cooperative company-union leadership and the establishment of a comprehensive employment and training center that provides counseling, job search assistance, basic education programs, job training, and other services.

Ideally, center operations begin before workers are laid off and continue for a significant period after the layoffs are complete. Centers are often located at the plant, although some have been established at local union halls or other sites that are convenient to workers. Center facilities usually include classrooms for orientation sessions, workshops, and other group activities; offices for individual counseling and administrative and clerical operations; and a resource area with telephones, newspapers, and other materials to assist workers in their job searches.

Typical center services include:

- **Center Orientation and Employee Benefits Counseling:** Center staff explain the services that are available, encourage worker participation, and provide information on employee benefits such as severance pay and early retirement options;
- **Self-Help Reemployment Assistance:** Includes job search workshops, job clubs, assistance with resume development, resource materials, and job counseling;
- **Services to Offset the Impact of Job Loss:** Offers individual counseling, stress management workshops, referrals to social service agencies, and other assistance;
- **Direct Job Placement Assistance:** Includes job development, job placement information and counseling, coordination with the State Employment Service and local employment and training agencies, and relocation assistance; and
- **Education and Retraining:** Assists employees to acquire the basic educational and occupational skills needed to make the transition to new jobs and careers; on-the-job training is usually available.

A typical center has a director (or co-directors representing the company and union); one or more union peer counselors who work with employees and serve as liaisons to the union local; several staff on detail from local employment and training agencies (often on a part-time basis) to assist with job development, retraining, and job search workshops; and one or more administrative/clerical staff.

In most cases, a company-union working group or steering committee oversees the program. Local agency representatives and independent consultants frequently participate in planning and oversight, especially during the early stages.

Because plant closings and work force reductions affect salaried employees as well as hourly workers, assistance centers for salaried workers are usually established near the hourly workers' center. The centers often share facilities and equipment, and in some cases, less skilled non-exempt salaried employees participate in programs at the hourly worker centers because of the availability of appropriate training, assessment, and related services.

Distinct Patterns Emerge

One of the most striking findings of this study is that workers respond to plant closings and major work force reductions in a similar way, regardless of the circumstances leading to the layoffs, the types of jobs involved, local union leadership, or plant and corporate management. In every case we studied, employees went through distinct stages of perception, emotional reaction, and adjustment.

This pattern is consistent with the findings of other researchers who have studied labor-management cooperative efforts. As Kochan, Katz, and Mower point out in **Worker Participation and American Unions—Threat or Opportunity**, "Worker participation processes move through several stages as they unfold. It is only by understanding the dynamics of these processes through time that we can hope to understand their effects on local unions and on the larger collective bargaining relationship. . . ." Thus, the case studies and analyses presented here emphasize the stages that occur when companies, unions, and public agencies collaborate to establish a dislocated worker assistance center.

The patterns that we observed are so consistent that we have used them as the framework for analyzing the labor-management dynamics associated with developing assistance centers. To clarify this framework, we have developed a prototype closing/work force reduction based on the five case studies presented at the conclu-

sion of this monograph, as well as the authors' experiences at dozens of other sites. The prototype is examined in two phases. In the first, we focus on workers' reactions to the announcement of a closing or work force reduction; in the second, we examine the stages and activities that lead to the development of a worker assistance center.

Phase 1: Workers Respond to Closing or Work Force Reduction

The following is a composite scenario based on what has actually taken place at dozens of plant closing and work force reduction sites. While this scenario may not conform precisely to what happened at any particular site, it is designed to provide the reader with a basic understanding of the dynamics associated with work force reductions.

Clues and Rumors

Before a plant closing or major work force reduction is announced, there are usually hints and clues that the company or plant is in trouble. One of the most common signs is an extended series of temporary, indefinite, or permanent layoffs. Most closings or major work force reductions follow a period of declining and/or unstable employment at a plant or facility. At the International Harvester Corp. foundry in Louisville, Ky., temporary plant closings left the work force idle 50 percent of the time during the year prior to the closing announcement. At the Allied-Signal Corp.'s Prestolite Battery Plant in Vincennes, Ind., about 200 workers had lost their jobs during the several years prior to the closing announcement. When the plant finally ceased operation, only 115 people were laid off.

But layoffs are not the only clues to a future crisis. Postponement of major repairs or maintenance activities can also be a tipoff, as well as other activities that point to management concern about the future of the plant. At the Allied-Signal plant, the company put off plans to repair the roof; company executives were preparing studies on worker insurance and pension benefits; and union members intercepted a computer printout that discussed the possibility of permanent layoffs.

Once these clues appear, rumors spread quickly about an impending closing or layoff. Workers go to their local union officials to find out what is happen-

ing, and union officials, in turn, go to plant management to clarify the situation.

The companies we studied responded to these circumstances in different ways, depending on corporate policy about keeping local plant managers informed and on the circumstances of the closure or work force reduction. In one case, local managers participated in the decision-making process that led to a plant closing. In the others, the decision to close a plant or lay off workers was made largely at the corporate or divisional level. However, even when plant managers are consulted, the final decision is seldom made at the plant level. In cases where local managers were not included in the decision-making process, they were told of the outcome before the announcement was made to the public.

Occasionally, plant managers (and workers) do not want to believe that the closing or layoff is inevitable. In one case (not one of the plants addressed here), a local manager publicly denied that the plant would close, even after the announcement was made. He told workers that somehow the decision would be reversed. But the decision was not reversed.

Decisions about plant closings and major work force reductions take place in an atmosphere of uncertainty and ambiguity. For example, a company may be negotiating to sell one of its divisions, with unknown implications for the plants that are part of that division. Both Allied-Signal and International Harvester sold the divisions covered in these case studies.

When a company consolidates production, determining which facilities should be expanded and which cut back or closed can take a long time. Even after layoffs are announced, the layoff schedule can change; and, in work force reductions, the number of workers who lose their jobs may increase or decrease according to circumstances.

Thus, plant managers cannot always provide up-to-date information to the union about company plans. At Allied-Signal, when the union raises questions with local management about the future of a plant, the plant manager calls in the sector labor relations director to meet with union officials and answer questions.

The Closing Announcement and Its Effects

Most companies attempt to orchestrate the announcement of a plant closing or major work force reduction as carefully as possible, however. Prior to the announcement, company labor relations representatives and other high-level officials usually meet with union representatives to explain the reason for the action. They often attempt to notify the media and key State and local officials at the same time. Managers at all

levels of the company are carefully briefed on how to present information to the public. In some cases, company officials meet with or make personal calls to government and civic officials.

Even though there are usually signs of trouble ahead, workers are often caught off guard when a plant closing or major layoff is announced. Some union officials acknowledged being surprised, at least in part, because they did not want to hear the news. As one union leader said, "I should have known better—all the signals were there, but I just wasn't thinking along those lines." His comment indicates that he was close enough to the business to understand the problems at the plant and why the decision was made to close it.

In some situations, the reaction of surprise by hourly workers contrasted to the reactions of white collar workers who had seen "the handwriting on the wall." In other cases, white collar workers said they were caught off guard, too.

One of the first questions employees often ask when a work force reduction is announced is whether this is the first wave in a series of layoffs. When union officials at the General Electric Co. Turbine Business Operations in Schenectady, N.Y., learned about the restructuring of the gas turbine division, one of their concerns was whether the steam turbine division would also be affected.

At the time a closing or work force reduction is announced, many companies make a general announcement about the severance benefits and job search and retraining assistance the company will provide. At this stage, however, program details have usually not been worked out, and the company has not approached local union leadership about cooperating in such an effort. Therefore, workers have little information about the nature of the assistance beyond what (if anything) has been spelled out in collective bargaining agreements.

The initial pledge of an outplacement and/or retraining program has little impact on the immediate reactions of hourly workers to the closing or layoff announcement. A study sponsored by one company of how its workers responded to the news that a division would be restructured determined that workers were too preoccupied with concerns about losing their jobs to absorb information about severance benefits. As one worker said, "People were too preoccupied with the closure itself to think about anything else."

In addition, most workers have no experience with outplacement programs, and many have the idea that participating in such a program means having to go back to school. Even plant managers and union officials said that in the early planning meetings, they did not understand the full scope of a worker assistance center.

Actions Taken by Workers and Union Locals

One of the most frustrating aspects of a closing or work force reduction is the feeling of powerlessness—the inability to do anything to change the situation. This feeling is especially distressing given the high level of tension inherent in a crisis such as this. However, workers and local union officials often take some actions. They often question management about the decision; work harder to increase productivity and product quality to demonstrate that they are productive; make public statements and hold meetings and demonstrations to focus attention on their plight and garner public support; and request assistance from local and State officials.

Questioning Management: Within a few days of the announcement, union officials usually approach the plant management to discuss the situation and determine whether there is any possibility that the company will modify its decision.

Productivity Increases: Although some plant managers expect that absenteeism will increase and productivity drop following the announcement, productivity improved at the plants involved in this study. Other investigators have found the same pattern. (A Conference Board study of plant closings suggests a similar pattern.) In part, workers hope to persuade management to keep the plant open by demonstrating that they are an effective and productive work force.

In addition, a number of workers said the extra effort was a matter of pride. A layoff not only means the loss of a job, it can also be an affront to a worker's self-respect. Although market circumstances are often the determining factor, a closure or work force reduction can be interpreted as reflecting on the quality of the work at the plant. Several employees also pointed out that workers want to put in as much overtime as possible before layoffs occur so that they will have a financial cushion for the future.

Despite the findings of researchers, not everyone agrees that productivity improves after an announcement of layoffs or a plant closing. One union leader said, "I would think anyone who knows that they are going to exit the plant within a short time would work less hard. Workers have said to me, 'Why should I work as hard as I can if I already know that I'm going to be out of here within a few months anyway?' Guys who have been here for 17 or 18 years and know that they will be gone before they can retire get really demoralized."

With a work force reduction, those who remain employed often experience "survivors syndrome," feelings of concern about those who lost their jobs, anger

at the company, and insecurity about their own future. However, it has been found that sagging morale can be bolstered by communicating truthfully about the job security of those who are still working at the plant, letting workers know that the company is taking action to help those who were laid off, and assuring the remaining workers that they will receive similar assistance if there are further layoffs.

Public Statements and Efforts to Gain Outside Support: Local union officials often take their case to the public in an effort to forestall a plant closing or work force reduction. At the General Electric plant in Schenectady, the union pushed for changes in public policy (e.g., promoting the use of nuclear energy) that might stimulate employment at the plant and sought new types of business such as defense contracts to keep the plant alive. And at the Allied-Signal plant in Vincennes, the union president publicly criticized the company's decision.

Even if the union does not seek outside support for its cause, the public soon finds out about the plant's problems. A major closing or work force reduction inevitably attracts media attention. Reporters converge on the plant to interview plant managers, union officials, and workers. The media provide a highly visible mechanism for venting emotions and "taking the case to the public." Sometimes this visibility galvanizes public support for the workers—and, perhaps, speeds State and Federal action on a JTPA Title III grant. In Vincennes, however, union and company officials believe the publicity added to the level of tension at the plant, making it more difficult for the company and union to establish the worker assistance center.

Denial Process

Accompanying almost every plant closing or major work force reduction is a consistent pattern of denial regarding the permanency of job loss. For many workers, this denial continues even after the plant has closed. Psychologists point out that denial is a normal reaction to any serious loss, arising both from an unwillingness to accept that which is most feared and from the human tendency to hope for the best. However, unlike losses over which no one has control, such as death, a plant closing or a layoff can sometimes be averted. Indeed, workers often have legitimate reasons to hope the situation can be turned around. Many workers have experienced the ups and downs of business cycles, large-scale temporary layoffs, and rumors of plant closings, which are a fact of life in many manufacturing industries.

Workers find reason for hope over events or circumstances such as:

- Repeated delays in the layoff or closure schedule;

- An increase in customer orders, which often occurs if the market picks up slightly or when a plant slated for closing must manufacture components for assembly at another location;
- A significant number of transfers within the firm, which might avert job loss for many individuals;
- An upturn in the national economy or local economy;
- The fact that the layoffs resulted from a plant closing (as has occurred in the steel industry), not a formal, permanent closure;
- Worker recalls at nearby plants or in the same industry;
- A change of ownership; or
- Rumors or reliable reports of a corporate merger, acquisition, or sale.

Sometimes there is a genuine possibility that the announced closure or layoffs can be averted. In one extreme case, a company announced a plant closing, but five years later the plant was still operating because of an unexpected improvement in the market.

Workers' ingrained expectations and attitudes also help explain the pattern of denial. Until recently, blue collar workers in many of the nation's basic manufacturing industries expected to work for the same company from the time they graduated from high school until they retired. This expectation is particularly strong among older workers who lived through the Depression and place a high premium on job security. In the steel industry, as well as other major industries, several generations of workers have spent their entire lives working at one plant. Thirty or 40 years of postwar prosperity had given industrial workers a strong expectation of job security.

The trust in job security becomes stronger as workers acquire more seniority and are insulated from layoffs or termination by the "last hired-first fired" system. Workers with substantial tenure (many had 20 or more years at age 40) at the plants we studied believed they had "made it" for life, had paid their dues, and were looking forward to a secure retirement.

For many blue collar workers, the plant was not only a workplace but also the focal point of their social network and day-to-day life. Whereas managers expected to be transferred from one plant to another and often moved from company to company, blue collar workers have strong ties to the plant and the community. "Their social life was their family and the plant," said one person. Another said, "There was an insulated feeling about the plant community. . . . Workers feel comfortable with that familiar group . . . and sometimes are afraid to start a new life and venture out into other parts of the community." In some cases, the strong plant community continues long after the closing.

Phase 2: Development of the Worker Assistance Center

This section presents a scenario of a cooperative effort to establish a worker assistance center. Like the previous section, it is a "composite" picture based on what has actually occurred at dozens of plant closing and work force reduction sites. The comprehensive center approach, supported by a tripartite partnership of companies, unions, and public agencies is one of the most effective methods of assisting dislocated workers. But the approach is not yet widely known. We hope this analysis will be helpful to public and private practitioners involved in planning or operating an assistance center.

Key Players in Establishing a Center

High-level company and/or union officials, not plant-level managers or local union representatives, usually take the lead in initiating and planning a worker assistance center. Officials from Bethlehem Steel's corporate headquarters and the United Steelworkers of America (USWA) International worked together to establish assistance centers at several plants where work force reductions were planned, including the Sparrows Point plant near Baltimore. At International Harvester's Louisville foundry, the assistance center was an outgrowth of an agreement between the company and the United Auto Workers (UAW). The worker assistance program at the General Electric plant in Schenectady was part of the company's division-wide restructuring plan; and at Allied-Signal in Vincennes, the assistance center project was headed by the corporate sector director of labor relations and the assistant director of the UAW Region 3.

High-level company and union officials provide the early leadership for several reasons: 1) major choices about the future of the plant are made at the corporate level, not at the plant; 2) plant-level managers and union officials usually have little experience with or knowledge about cooperatively run assistance centers; and 3) decisions on staffing, budgets, and company-union interaction are usually beyond the scope of the plant.

However, it should be noted that union locals often have considerable autonomy and sometimes challenge the company's approach to worker assistance, especially if the union's district or international has not sanctioned a specific program or approach.

Even when the company and union had some experience with worker assistance centers, a "third party"—a

consultant, a non-profit organization, or a public agency—played a central role in the planning process. Third parties participated in each of the centers we studied and in most of the cases known to us. (In the Canadian IAS model, a "neutral third party" [an experienced outside consultant] plays an integral role in establishing worker assistance centers.)

At the Allied-Signal plant in Vincennes, the company brought in a consultant to assist in working with the union, local service providers, and JTPA Title III agencies. The consultant also assisted in developing the JTPA Title III funding proposal and training center staff. In addition, the UAW's Region 3 had extensive experience operating assistance center programs funded by its regionwide JTPA Title III grant. And the company had experience with a similar program in a plant in Massachusetts.

Consultants and third-party advisers also played a part in the cooperative effort of Bethlehem Steel Corp. and the United Steelworkers of America to develop assistance centers at a several plant sites, even though the company and the union both had extensive experience with such programs. Once the company and union agreed on a preliminary plan, the National Alliance of Business (NAB) and the Human Resources Development Institute (HRDI) of the AFL-CIO were brought in to provide advice and technical assistance in planning center operations and services, JTPA Title III proposal development, and training peer counselors to staff the assistance centers.

Company and union officials said that third-party organizations played a key role in helping local plant and union officials prepare for the centers and in training the center staff. But in the end, local officials and center staff had to learn by doing. Some company and union officials said they would like to have more information about worker assistance centers and that guidelines and other written materials on this type of program would be useful.

Developing a Workable Blueprint for the Center

In the early stages of the planning process, the primary focus is on developing a basic blueprint for the assistance center. If the company or union (or both) have experience with this approach, they may already have a basic center model that would be modified during negotiations to fit the current situation. At the Allied-Signal plant, both the company and union brought their own approaches for developing the center to the early meetings. In fact, their approaches were quite similar, providing a solid base for a cooperative effort. At the General Electric plant, a consultant assisted the company and union to create the center blueprint.

Once the company and union agree on the blueprint, plant-level managers and local union officials join the planning process. Local union representatives are often reluctant to support a joint effort with the company at a time when workers are angry at the plant closing. "As union leaders, we may see the value of cooperating to help our membership," a local union official said. "But we will be accused of jumping into bed with the company just when the company closed the plant."

Local union skepticism is especially strong when there is a history of bad relations between the union and plant management. In that case, local union leaders may want to explore other ways to establish a worker assistance program, such as a joint initiative with a State agency. They may also be highly suspicious of private consultants paid by the company to participate in the program.

At Allied-Signal, local union-management relations were so strained that the initial planning meeting was conducted along the lines of a collective bargaining session: The company and union discussed each issue, and then both sides caucused before coming to an agreement. However, once the ground rules were established in the initial session, planning continued in a more cooperative vein. At the General Electric plant, it took several weeks of bargaining over the union-company relationship before the parties could begin discussing the worker assistance program.

Once a company has announced a plant closing or a major layoff, the union and company often enter into "effects bargaining" over issues such as severance payments, extended health insurance coverage, and early retirement options for older workers. In recent years, many effects bargaining agreements have included retraining and outplacement assistance. (However, effects bargaining is not always necessary because these issues may already have been addressed in the master contract.)

Effects bargaining can be a pivotal step in the development of a labor-management initiative. It provides a forum for labor-management interaction after the initial venting of anger following the closing announcement; it represents a broader base of labor-management decision making because high-level company and union officials participate in the negotiations; key issues are addressed; it confirms that the plant closing or work force reduction is permanent; and it can serve as a departure point for a cooperative effort to establish a worker assistance center.

At the Allied-Signal plant, effects bargaining included an agreement to establish an assistance center and to seek outside funding to support the program. The agreement officially launched the company-union cooperative effort, and, at the same time, provided local union leaders with a tangible bargaining achievement. The program was not imposed by the company, but bargained for by the union. "With the effects bar-

gaining agreement, we could show that we had won this commitment for the membership," a local union leader explained. "This put the whole issue in a different light and made the membership feel that we were looking out for them and trying to do everything we could to help."

Defining Roles for the Working Group

The major planning for the assistance center usually begins with the establishment of a working group composed of an equal number of company and union representatives and, in most cases, a consultant. The company is usually represented by a corporate official as well as plant-level personnel or human resources managers. The union team is often headed by the local union business agent; other key officials such as members of the local union bargaining or executive committees are also on the working group. In many cases, the working group is a formal entity with designated members; but in some cases, key players on both sides emerge naturally, and they continue to work together on an informal basis.

One of the first questions the union asks, sometimes during effects bargaining, is whether the company will contribute financially to the assistance center. "We didn't lay these people off—they did—so what are they willing to contribute?" is the way the question usually is phrased. In general, companies contribute from a third to half of total center costs. (Company contributions are usually credited toward the JTPA Title III match requirement.) Companies usually contribute space (and refurbishment to make the space appropriate for a center); equipment such as telephone banks for workers to use in their job searches; and at least one center staff member—often the center director. Companies sometimes pay the salaries of a union peer counselor (ranging from the first few months to the entire length of the program) and part or all of the salaries of State and local agency staff who have been detailed to the center. In addition, companies sometimes pay for retraining programs beyond those agreed to in the labor contract and accounting services. Many companies establish a fund with a specific dollar amount to be allocated as the program proceeds.

Establishing a clear-cut union role in the planning process was critical to winning support for the cooperative assistance program from the union and workers. In some cases, endorsement by a union international led automatically to local union cooperation. However, local unions were sometimes reluctant to take direction from above on issues that they felt were local matters. But in our experience, differences between union locals and high-level union officials have never prevented a cooperative program from getting off the ground.

Even with union acceptance of the company-union initiative, a true partnership takes time to develop. Dur-

ing the early planning stages, the union may have a difficult time functioning as an equal partner with the company. For some local union representatives, it is their first experience working with the company on a nonadversarial basis. In addition, local union leaders (and plant-level managers) can feel overwhelmed as they begin planning for the center while they are still learning about the details of the program—the various center services, the JTPA Title III program, and the roles of State and community agencies.

The early planning stage provides the opportunity for the local union and plant management to develop an understanding of what the center is all about and to develop a sense of joint “ownership” of the assistance center. The former is necessary because the local union and plant management will eventually take the lead in managing and staffing the center. The latter is vital to gaining broad worker acceptance of the program.

Early in the planning process, the working group seeks out individuals, agencies, and organizations that can provide support for the assistance center. In most cases, the search begins at the State level, where information can be obtained on State requirements for JTPA Title III funding and about local agencies that can assist with the program. The working group also develops links with the local private industry council (PIC). In many cases, several PICs are involved because workers at a single plant live in different jurisdictions.

The working group holds meetings with representatives from the PICs, the State Employment Service, area community colleges, and agencies such as the United Way. The purposes of the meetings is to:

- Explain how the assistance center works and announce the budget that the company and union have agreed upon;
- Request community and agency support for the program;
- Discuss potential roles for various agencies in service delivery and program operations; and
- Begin developing a JTPA Title III funding proposal.

The working group may meet first with individual agencies and then, after developing a preliminary strategy, call a larger meeting of all the agencies.

The State Title III agency may call a public meeting of key local and State agency representatives, political leaders, and company and union officials. This gathering gives the program a political “blessing” and provides an opportunity to establish a community advisory committee to help bring together area services, resources, and expertise in support of the assistance center.

The authors found that agencies often wanted to administer the assistance centers themselves, with the company and union playing a supporting role. They

questioned whether the company or union had the expertise to carry out the program and were concerned about delegating responsibility for public funds to a private entity that does not specialize in employment and training programs. But in each, the company and union stood firm on the principle of operating the centers as company-union projects.

Corporate officials are usually more willing than plant-level managers to take a strong stand in support of company-union leadership of worker assistance programs. This may be explained by plant managers’ lack of involvement in the preliminary planning meetings. On the other hand, plant managers may genuinely believe that the agency is better prepared to handle programs. (Or it may be a combination of these factors.) In cases where a local agency operates a center, the company and union monitor the program through an advisory committee.

Using the JTPA Title III Program

The JTPA Title III funding proposal serves as a catalyst for moving the project along. To secure funding for the program as early as possible, the working group must act quickly to develop the JTPA proposal. This, in turn, imposes a discipline on the planning process because basic decisions must be made about the program’s scope, the budget, company-union cooperation, and the agency roles before the proposal can be submitted.

By the time the JTPA proposal has been completed, decisions have also been made on the center’s location, the services to be provided (and who will provide them), governance and day-to-day management, contributions of cash and in-kind resources, the center staff (including the director or co-directors), and who will be the grant recipient.

There are often basic misunderstandings about what it means to be the JTPA Title III grant recipient. Local union leaders may fear that if the company is designated as the grant recipient, the company will have inordinate control over the assistance program; conversely, companies fear that if the grant goes to the union, the program may not be administered properly. However, these fears are seldom born out when a legitimate company-union governance structure or working group oversees the program.

In many cases the working group agrees to make the company the grant recipient because it can most easily take on the fiscal accountability and bookkeeping responsibilities (especially in situations where the union local ceases to function once a plant closes). However at the Allied-Signal plant, the union district was the grant recipient.

In cases where the company and union are unwilling to accept each other as the grant recipient (as occurred in two locations in Massachusetts), the grant may go to a nonprofit entity directed by the company and union. In a few cases, the grant recipient is an outside agency such as the State Employment Service, the PIC, or a community college. If the layoff is relatively small and the company contributes substantial funds to the assistance program, a PIC can extend an existing JTPA grant to include financing for the program. In such cases, the PIC remains the grant recipient.

It can take months to process a JTPA Title III grant application as it moves through the local, State, and Federal levels. But companies and unions can't always wait that long because they want the center to be functioning by the time the plant closes or layoffs begin. In many cases, the company, union, and government agencies may arrange for contingency funding by contributing money to get the center started until the grant becomes available.

In the cases studied, the center startup came anywhere from 2 weeks to 6 months after the initial planning meeting. Even in some cases where there was several months lead time before the closing, as at the General Electric plant, JTPA funding was not available until after the center had begun operations.

Operating the Assistance Center

Both company and union are sensitive to the issue of where the center will be located. For the company's part, the center must be secure, close to an external plant gate, and in available company space. For the union, the center must be apart from the former work site, easily accessible, and be seen by as neutral ground—not too closely identified with the company. Therefore, the center is often located on the company premises, but at a location removed from the former work site. When the company did not have space, or when the working group did not find company space to be appropriate, centers have been located in union halls, community centers, and other central, convenient, and cost-effective sites.

The name of the center or title of the project is often a key issue. In earlier projects, the company name was typically used; more recently the title of the center almost always includes the union local, with company and union logos appearing on brochures and other communications. While the name or title may appear to be an insignificant issue, it is an important step in confirming company-union partnership in the center. In most cases the company name is still listed first, but at one plant in Massachusetts, the union local name appears first. At the Louisville center, the union representative pointed out proudly that the center's title ran the length of the building and that the union logo appeared with the company's name.

With the exception of staff provided by government agencies, most of the center staff are either workers from the plant or plant managers. Company and union representatives who are especially enthusiastic about the project and have the skills to perform one of the functions are appointed to positions as committee members or center staff. Some of these individuals were original members of the company-union working group, but others became involved at a later stage.

The role of agency staff differs from one center to another, but common responsibilities include coordinating retraining services and counseling workers about training programs; assisting with job development and placement services; assisting with the client intake, JTPA certification, and the enrollment process; leading job search workshops; and assisting in the administration of JTPA Title III grants.

As the time approaches for the center to open, leadership of the worker assistance program shifts to the local union and plant management. When the transition is abrupt, local managers and union officials often feel they have been "thrown into the deep end of the swimming pool." In most cases, corporate-level officials and third-party consultants remain involved, though to a lesser degree, throughout the program. The center director (or co-directors) is designated at this point.

The primary responsibilities of the plant-level working group include:

- Promoting the assistance center and encouraging participation;
- Designing and implementing worker orientation sessions;
- Developing brochures and other informational materials that explain the services provided by the center;
- Planning the center services (e.g., retraining, job development, job search workshops, individual counseling, intake and enrollment, social services); and
- Establishing financial, administrative, and client tracking systems.

Local union leaders and staff play a critical role in gaining the acceptance and participation of the work force by explaining the program to fellow workers and publicly endorsing the program. Worker participation is highest when considerable advance notice has been given and when the center begins operating before the plant closes. This allows time for activities such as orientation sessions for small groups of workers on company time. In most cases, orientation sessions and person-to-person contact is supplemented by mail campaigns, articles in company and union newsletters, and publicity in the community. Union peer counselors and company personnel who serve as center staff continue the process of promoting and legitimizing the center throughout its existence.

Worker acceptance of the center often increases after some participants have been placed in jobs. Center staff sometimes encourage those who have been helped by the program to contact their friends to encourage them to participate. Word of mouth is often the most powerful promotional tool.

Once the center begins to function, center staff find that their traditional roles as managers and union members begin to break down. After a time, they see themselves as "being on the same team," as advocates for the workers. Many center staff and workers have commented that the assistance center becomes neutral territory, apart from the rest of the plant where normal company and union roles continue. One indication of

this change is that once the assistance programs began, there were no serious labor-management disputes over center activities or functions at the plants in our study.

Cooperation also continues among high-level corporate and union officials, although they have a much lower profile once the center begins operating. Although they monitor the program, they intervene only when a JTPA Title III grant has to be extended or when additional resources are needed. Sometimes high-level cooperation between the company and union continues through an oversight committee and or with periodic meetings with center staff. In most cases, the center sends regular reports to the higher levels of the company and union regarding worker participation, job placements, and other information.



PART II: ANALYSIS OF LABOR-MANAGEMENT DYNAMICS

Part I described the stages leading to the establishment of a worker assistance center. This section examines the key issues that arise during the development process in order to clarify the problems and opportunities presented by this relatively new form of labor-management cooperation.

Factors that Support or Undermine Labor-Management Cooperation

Programs designed to assist workers who have lost their jobs due to plant closings or work force reductions offer a unique form of labor-management cooperation. A review of the literature suggests that there are important differences between these programs and the more standard labor-management cooperative efforts established at many steel and auto plants, such as quality circles, quality of work life programs (QWL), and formal labor-management participation teams (LMPT).

Most forms of labor-management cooperation are part of the regular work process and can be tested for an extended period. However, programs for dislocated workers must be implemented during a period of crisis, when workers face both economic and emotional loss and when there is little time for testing or building trust. Thus, dislocated worker programs must be examined from a perspective different from that of other programs.

Factors that create obstacles to labor-management cooperation in establishing worker assistance programs include:

Anger and Denial: A plant closing or work force reduction inevitably creates tensions among employees and results in anger toward the company, even when there have been good labor-management relations in the past. Gaining broad acceptance of a labor-management initiative under these circumstances is, at best, difficult. It requires pushing cooperation at a time when workers are likely to be skeptical, defensive, and antagonistic.

Accepting the legitimacy of a retraining or job placement program also requires acknowledging that the closing or downsizing is permanent. This is something that workers, understandably, resist—especially for the first few weeks. Thus, many workers ignore the need for such programs and, in turn, reject serious action.

Lack of Familiarity with Center Model: Most workers, union leaders, and plant managers are unfamiliar with the concept of a comprehensive company-union assistance center. Even employment and training professionals do not always understand all the implications of such a program. Thus, the ultimate benefits of participating in a cooperative effort are initially far from clear to most of those who will bear the responsibility for and participate in the program.

Skepticism about Finding Similar Jobs: Many plant closings and work force reductions occur at a time when layoffs are taking place at other plants in the community and employment opportunities are limited. Workers are skeptical that any assistance program can help them find new jobs, especially at current wage rates. Workers and their unions are not alone in questioning the effectiveness of worker assistance programs. Many companies hesitate to embark on a mission that seems, as one executive remarked, “doomed for failure.”

Speedy Action Required: Worker assistance programs must be planned and implemented in a few weeks or months. There is no opportunity to experiment for an extended period as there would be with QWL or LMPT programs.

But there are also factors that encourage success:

Sense of Urgency: Although the need to act quickly can be an impediment to labor-management cooperation, it can also promote cooperative efforts. The urgency of a plant closing or major layoff encourages labor and management to set aside their differences and respond quickly to the crisis. Cooperative action on a program such as this helps overcome a sense of powerlessness.

The Possibility that Both Sides Will Win: Although many cooperative labor-management programs are viewed by union members as give-backs to the company, both sides can see the possibility of a “win-win” outcome in this type of program. Cooperation in establishing an assistance center does not require the union to make trade-offs or concessions on bottom-line issues such as wages, benefits, productivity, or work rules. When risks and compromises are required, they are accepted as a part of a joint effort to respond to a genuine crisis.

Humanitarian Motives: Companies and unions that cooperate to establish employee assistance centers are motivated, at least in part, by humanitarian impulses. The centers have little or no effect on a company's profitability, but they can have an enormous impact on a worker's career potential. Thus, union cynicism about the company's motives for helping to establish the center weakens over time. Beyond a certain point, rejecting

a program that could benefit a fellow employee would be difficult to justify.

Local Union Leadership Promotes Cooperation:

Local union leaders often feel threatened by QWL, LMPT, and similar cooperative efforts because such programs emphasize a decentralized approach to decision making that can alter the traditional roles. However, in the programs we observed, key local union leaders (and management counterparts) played important roles in the local working groups that planned and oversaw the center programs. These officials usually had important decision-making functions throughout the life of the programs.

Temporary Commitment: A cooperative initiative of this type is a temporary, albeit intensive, effort. Changes required of labor and management are not permanent and, therefore, do not have to be reversed if the program fails to live up to expectations. In most cases, this type of program is beyond the scope of collective bargaining agreements and is viewed by all parties as a voluntary cooperative effort. Even when labor contracts specifically mandate the establishment of employee assistance centers in response to plant closings or major layoffs (as in the 1986 steel contracts), the cooperative effort at the local level is temporary—eventually the center completes its mission and closes.

These supporting factors surface some important differences between plant closings and work force reductions that affect how companies and unions perceive and participate in cooperative efforts. Two of the most significant differences are:

Status of Local Union: In the case of a plant closing, the union local ceases to exist after a certain point. This nullifies any long-term political considerations for local union officials such as seeking reelection. In a work force reduction, however, the union local continues to exist and union leaders must remain concerned about their standing with the remaining membership. Although workers may resent the union leadership for “allowing” members to be laid off, or for being unable to stop the event, they are usually positive about the union’s ability to get the company to contribute resources to a company-union assistance project.

Future of Company and Plant: A company that continues to operate a plant, even at a reduced level, has more at stake than a company that closes a plant. In the case of a work force reduction, the company remains concerned about plant operations and labor-management relations. There is a strong incentive for the company to maintain good relations with the union and to demonstrate its concern for employees who are losing their jobs. In addition, the company has a continued need to be considered a good corporate citizen by the community.

Although these differences do not always have an impact on center programs, the potential exists for an additional set of motivating factors, problems, and

opportunities in a work force reduction that may not be present in a plant closing. These distinctions are important because there have been fewer closings and more work force reductions in recent years. One area that may be affected is the treatment of laid-off workers, which has a direct impact on the morale of the “survivors,” especially in situations where more layoffs could be forthcoming.

Another effect is the ability to secure local union support, especially during local union elections. The elections can create a number of potential problems for the cooperative approach: If new union leaders are elected, they may not understand or they may oppose the assistance center; and union leaders may be cautious about cooperating with management at a time when a major work force reduction is taking place.

Labor-management cooperation in response to plant closings or large-scale work force reductions present opportunities and challenges for unions and companies alike. The early stages of such an initiative are especially complex and difficult because there is much to accomplish in the face of resistance, lack of knowledge, and skepticism among all parties. As planning continues, however, the factors that favor cooperation come to the fore and make continued cooperation possible.

Critical Stages in Establishing an Assistance Center

There are many stages in the development of the cooperative labor-management relationship. Several of these warrant special attention: 1) the initial planning efforts, during which the company and union decide whether to initiate a cooperative program and the extent of cooperation; 2) the transition from the early planning stage, during which the broad elements of the program are determined (e.g., budget, resource commitments, designation of grant recipient, and program design), to the more detailed planning of center operations and employee recruitment; and 3) beginning center activities.

The Critical Initial Phases

Of prime importance is the need to allay concerns about sharing power with unions. Despite the fact that many of the companies we studied had extensive experience with employee assistance and outplacement programs, the comprehensive center model required a degree of plant-level cooperation with the union that

went far beyond their earlier efforts. Establishing a working group or steering committee in which the company and union have equal say is on a different plane than simply providing services agreed upon in a collective bargaining contract. Some companies have been quite uncomfortable with this approach. In the USWA International case study, we note that one steel company initially resisted giving the company-union committee the authority to oversee the center programs.

There are several reasons for this cautious approach. Companies are accustomed to making their own decisions, subject only to issues negotiated with the union during collective bargaining. Maintaining the decision-making prerogative is a matter of principle with some companies. With others, they are simply unaccustomed to sharing power with the union and reluctant to set precedents. In addition, management sometimes questions the ability of the local union to make sound decisions. However, in most cases, these doubts arise from the company's lack of experience in working on cooperative projects with the union. A number of company officials admitted that they were surprised (and pleased) at the capabilities of union members who participated in working groups or as center staff.

Most Fortune 500 corporations have been introduced to outplacement services for management personnel—the core of which is the job search workshop. But few companies have extensive experience assisting blue collar workers. While the trend is toward providing assistance to salaried and hourly employees alike, a number of companies have merely extended the workshop concept to blue collar workers. However, unions are beginning to push for more comprehensive retraining support as part of the severance package.

The companies profiled in this study had already accepted a somewhat expanded concept. International Harvester and the UAW had established a national committee on retraining and outplacement, and the company had contributed millions of dollars to support the effort. The comprehensive center approach used at the company's Louisville and Fort Wayne plants was simply an extension of the earlier efforts. And even before General Electric and the IUE decided on the comprehensive assistance center approach, the company had agreed to give 6 months advance notice of closings and to provide laid-off workers with \$1,500 a year in retraining tuition reimbursements and related benefits.

Two additional factors are worthy of attention during the initial start-up phase. The initial instinct of many company executives is to become apprehensive and avoid involvement with government agencies and programs. Many believe that government programs are excessively burdened with red tape, and this concern proved realistic in some instances. It often took months to get approval for funding under the JTPA Title III

program. However, the existence of the JTPA Title III program was also the single greatest incentive for companies to become involved in worker assistance programs (see discussion of Title III below).

A second apprehension is the fear of failure. During the early stages, company officials are concerned about the consequences of failing in such a high-visibility program. If few people are placed in jobs, a company could be publicly embarrassed. Therefore, it is important for company officials to understand that similar programs have been successful and that in addition to helping workers find new jobs these programs have many intangible benefits such as boosting company morale.

As important as corporate acceptance and support are, winning the support of plant-level managers and union officials is perhaps the single most important and difficult task in the development of a company-union initiative. This is when the obstacles to cooperation discussed earlier come into play. These obstacles create an atmosphere of distrust, which can be amplified if the company and local union have had a strained relationship in the past. At the General Electric plant in Schenectady, local union officials question the company's motives for initiating a cooperative effort.

Like the company officials, union leaders are skeptical about the prospects of placing laid-off workers in good jobs and concerned about being embarrassed if the program were to fail. They also do not want to appear too cooperative with the company at a time when large numbers of workers are losing their jobs. On the other hand, it is difficult for union leaders to reject a program that could help the members. Frequently, the local union leaders' initial reaction is to say, "Let us think about it."

In some cases we studied, union locals explored alternative means of securing outplacement assistance (independent of the company), either through local agencies, the State, or higher levels of the union. However, company representatives continued to call meetings, pushed to create a company-union working group, and, when necessary, participated in lengthy discussions (in effect, informal negotiations) with the union local to gain its support. As noted before, effects bargaining sometimes served as a vehicle for airing issues and formalizing the company-union initiative.

As the planning process continued, local union leaders realized that they had a genuine say in the program. At the same time, they became more familiar with outplacement and retraining services. Although local union leaders often became more favorable to the cooperative effort at this stage, they usually were not yet ready to give it their wholehearted support.

Planning Center Operations

A turning point in labor-management cooperation takes place when local union officials and other members of the local working group begin to address the details of the center programs, initiate communications with workers, and begin some services. At this point, high-level company and union officials "pass the baton" to the local working group. While local officials often feel overwhelmed by the task ahead, they also have a sense of "being in the same boat" and a genuine commitment assisting fellow employees. While the union membership may still be skeptical, the union leaders involved in the working group are generally enthusiastic about the program by this time. In addition, they see that they have an important responsibility to carry out.

This is also the point when local union leaders begin "selling" the program to the union membership. This effort is critical because support of the program local union leaders is the single most important element in gaining a high level of worker participation.

Beginning Center Operations

The third critical stage in labor-management cooperation occurs when the center opens. Working together as center staff, company and union officials begin to develop a genuine sense of mutual trust.

Here, too, there is a consistent pattern in the development of the relationship between management and union staff. Typically, management personnel are surprised at the capabilities demonstrated by union members in dealing with difficult and complex matters. As one International Harvester executive pointed out, the challenge of operating a center brings out skills and abilities in center staff, especially union personnel, that were previously hidden or unknown to management. He said that the center director and UAW staff members were "top-notch" and "really rose to the occasion." A General Electric representative expressed similar sentiments about union personnel working at the Schenectady center.

For their part, union officials are frequently surprised by the commitment and goodwill exhibited by center staff. Union officials frequently praised the helping attitude of the company and the strong advocacy role that company managers have taken on behalf of workers when they joined the center staff. One General Electric union member, speaking of the center director, "I think a lot of [the center director], and we work great together—we've been on radio and TV—and we make a great team."

As might be imagined, the center staff played a crucial role in the success of the programs. We were told

repeatedly in our interviews with company and union officials that it was essential to appoint staff whom the workers personally knew, liked, and respected.

Many of the local union officials who became center staff had similar backgrounds. They began their union careers as shop stewards and then were elected to leadership positions. When asked what aspects of their previous union experience helped them to be successful at the center, one staff member replied, "Dealing with people, knowing their problems, and [letting them know] that I was for them. When they were wrong, I told them they were wrong. It didn't always go their way."

A union member who was co-director of a center said, "The people felt more confident with us here. . . . They open up more talking to a union guy than management level. . . . We put the trust in people's minds. Now they don't come down here looking for the union guy anymore."

Managers chosen to work at the assistance centers were also known and respected by employees. At the Allied-Signal center, the company staff member had been the Employee Relations Manager and, prior to that, the plant nurse. The center director at International Harvester's Louisville plant had been the plant Employee Relations Manager; and at the General Electric center in Schenectady, the director had been an Employee Relations Manager in the department where some of the layoffs were taking place.

One company executive who was responsible for making a number of staff selections said the key criteria for choosing center staff was "who people go to talk to when they have problems." At one small center, the executive selected the personnel department secretary to be the center coordinator because he had noticed that employees often came to her with their problems. She not only empathized with them but she also tried to help them. "She had the credibility factor," the executive said.

In fact, at all the centers that we studied (and others with which we are familiar), there was a consistent pattern among the staff of dedication to helping fellow workers. There are a number of reasons for this commitment:

- Staff members felt a deep sense of responsibility toward people whom they had worked with for many years. The workers were not just clients—they were friends and fellow workers. Center staff felt great relief and a sense of achievement when "one of their own" found a good job.
- Having joint company-union responsibility for selecting staff set up an effective system of checks and balances. In most cases, there was an effort to choose people who would be acceptable to the other side, work effectively with the rest of the staff, and develop good working relationships with employees.

- Unlike many worker assistance programs operated by outside agencies, company-union centers had no other long-term agenda, no other types of programs or services, and no other constituencies to cope with. Full attention was focused on the needs of the workers.
- Company and union representatives spread their fervor and commitment to agency staff and others detailed to the center.

Dynamics of the Tripartite Planning Process

The third partner in the tripartite approach is the outside agency, often the State Employment Service, the private industry council, local training organizations, and other public and private groups. The groups make an important contribution to the planning process and the assistance center operations. They can often provide specialized skill in training as well as a knowledge of public resources such as the JTPA Title III program. Often agencies detail staff to work full- or part-time on the project.

Despite the benefits associated with community involvement and outside resources, there are a number of obstacles to third-party involvement in cooperative programs, especially when the company and union have the lead role in governance, staffing, and administration. Impediments to cooperation in both the public and private sectors include:

Public Sector Impediments

Lack of Agency Experience with Company-Union Programs: Many agencies are unfamiliar with the possibilities for involving companies and unions in worker assistance programs. In many cases, a company or union representative—or a consultant—had to explain to PICs and other agencies about the innovative approaches that companies and unions are now taking with such programs. At three of our case study locations, the local PICs had little or no experience with company-union cooperative efforts in worker assistance.

Competition with Private Sector for Lead Role: Government training and employment agencies are accustomed to taking the lead role in programs to assist dislocated workers, and they often resist having companies and unions step into the leadership position. Some company and union officials said that agencies not only vied among themselves for leadership but also resisted yielding any ground to the company or union.

From the agency point of view, there is a question of whether companies and unions have the employment

and training expertise required to operate an effective assistance center. In addition, public programs are legally required to operate in a particular fashion and to meet certain objectives; thus, agency officials are reluctant to participate in a venture that could be mishandled by outsiders.

An agency official involved in the General Electric assistance center said, "At first, we were very skeptical about the wisdom of letting the company and union take the lead on this—many of us felt it couldn't work." Agency personnel involved in other projects, including the International Harvester and Bethlehem Steel-Sparrows Point centers, had similar reactions. Even States such as Massachusetts that have actively promoted company-union involvement in programs for dislocated workers have been cautious about allowing companies and unions to have leadership in center planning and operations. It is only in retrospect that government agencies often acknowledge that company-union leadership has intrinsic advantages over the agency-based approach.

Agency Belief that Companies Will Not Make Commitment to Program: Public agencies are often skeptical about companies' commitment to worker assistance programs for several reasons. Thus, agencies—like some unions—may adopt a wait-and-see attitude about company involvement. Even when a company proposed establishing a cooperative assistance center, agency and community organization representatives often questioned the company's motives.

Agency Turf Battles: In some cases, agencies compete with each other for leadership or key roles in the assistance program. This undermines agency credibility with company decision makers, who are already inclined to believe that public agencies are difficult to work with.

Lengthy Grant Approval Process: It can take months—even a year or more—to obtain JTPA Title III financing. The International Harvester and General Electric centers both opened several months before Title III funds became available. The company and union had to arrange for contingency financing for the center until the grant was approved, and even then there was a lengthy interval between the initial approval and the release of funds. Such delays affect the entire program because other commitments for assistance from the public and private sectors may be contingent upon Title III funding.

This problem seems to be exacerbated when Federal discretionary Title III grants are involved. Although the U.S. Department of Labor has cut the time it takes to approve a JTPA Title III grant to less than two months, the grant proposal must still be reviewed and approved by the PIC, local agencies participating in the project, and the State. Even if they all work reasonably quickly, the process can take several months.

Jurisdictional Issues: Employees at a single plant may live in different PIC/Service Delivery Area (SDA) jurisdictions and even States, which adds to the complexity of the JTPA proposal process. At International Harvester's Louisville foundry, workers lived in Kentucky and Indiana; at the Allied-Signal Prestolite battery plant in Vincennes, a small group of workers lived in Illinois and, thus, were not eligible to receive Indiana Title III support (the company paid for services for them); at the Sparrows Point plant, some workers lived in Baltimore County and some in the city of Baltimore, which gave rise to competition among agencies; and at the General Electric plant in Schenectady, workers lived in five counties, covering three private industry council/service delivery area (PIC/SDA) structures and five county-based technical training systems.

Private-Sector Impediments

Company Aversion to Bureaucratic Style: Company officials fear that working with public agencies will result in delays, excessive regulation and paperwork, restrictions on the use of funds, and other problems.

Lack of Familiarity with Training Programs: Just as agency personnel are rarely familiar with the ins and outs of the business world or the labor movement, company and union officials know little about the world of employment and training. This can be an obstacle to communication with public agencies during the early planning stages, and it can lead to deeper misunderstandings about how programs operate and responsibilities are divided among agencies.

Company and union officials are often perplexed by the absence of a focal point in the employment and training arena. Each county may operate its own programs; and the PICs, State Employment Service, and area schools often divide responsibilities for functions such as intake, enrollment, job search instruction, retraining, and on-the-job training. It can take several meetings for company and union officials to figure out what each agency does and which agencies would be most helpful in establishing the assistance centers. And public agencies are not always willing to help out. In numerous cases, agencies already have a small JTPA Title III grant (for on-the-job training and job search workshops) to serve dislocated workers, but the agency cannot or will not take the lead in pulling together public sector support for the company-union initiative.

Lack of Involvement: Ironically, once working relationships had been established with public agencies, the companies and unions sometimes allowed the agencies to take the lead, thus diminishing the tripartite nature of the program. This passive approach may result, in part, from a lack of knowledge about assistance centers. But in some cases, plant-level managers and union officials feared that taking a more active stance might

"rattle" community organizations, and, in turn, create controversy in the community. However, even when local officials took a back seat to the agencies, high-level management and union representatives maintained their leadership roles.

Factors Promoting Cooperative Action

The authors noted certain key factors that contribute to constructive action once the company, the union, and the public agency are on board.

Previous Experience with Comprehensive Center Approach

Having previous experience with the comprehensive center approach is a key factor in determining whether a company or union will adopt this model in future situations. In each of the cases in our study, the company and, sometimes, the union had participated in assistance center programs at other plants. They knew that the assistance center approach can be highly effective; thus, they were willing to accept the problems and irritations that go along with forging a partnership.

Consultants and Third-Party Advisers

Another important factor in the success of many assistance center programs was the presence of consultants or other external groups acting as neutral advisers. The principal role of the outside consultant(s) was to help the company, union, and agencies develop a plan of action. (In most cases, the consultants had introduced the comprehensive center model to the company or the union or both.) In most of the cases we studied, the consultants were hired by the company. But at the Allied-Signal plant, the UAW Region 3 functioned to some extent as a third-party expert—not a standard union function—because it had extensive experience operating JTPA Title III programs. And at the Sparrows Point site, the USWA called in the Human Resources Development Institute of the AFL-CIO to train union peer counselors.

Consultants and third-party advisers had certain key functions:

Promoting and Explaining Center Approach to Management, the Union, and Other Participants: A number of the companies in our study learned about the comprehensive center model from consultants or other out-

side advisers. International Harvester was introduced to the center concept by consultants in connection with worker assistance programs at plants in Fort Wayne, Ind., and Canton, Ill. General Electric learned about the center approach in 1981 from the California Employment Service; and in 1983, the company launched several centers at plants in its Lighting Business Group with the help of consultants.

Consultants or other advisers can explain the center model to other key participants in the planning process. While high-level company or union officials could perform this function, a consultant who is an expert in the field can do a better job of explaining the program and answering questions. Even if the consultant is hired by the company or the union, the consultant is more likely to be seen as objective by the other parties than company or union representatives. Consultants can also help instill confidence by describing successful experiences with the center approach at other companies and unions.

Developing a Strategy for Involving Government and Community Agencies: Government and community agencies are often brought into the planning process after the company and union have met a number of times. Consultants can help develop a strategy for involving the agencies by researching the local situation to discover which agencies are likely to play key roles; explaining to the company and union the types of programs and services offered by the various agencies; helping the company and union develop a written work plan to present to the agencies; and advising the company and union on how to respond to agency proposals or criticism.

Functioning as a "Neutral" Third Party: Consultants often serve as mediators, helping to resolve disagreements between the company and union or with outside agencies. But in most cases, the role is more subtle—diffusing tension by helping each party understand the legitimate concerns and expectations of the other parties and by emphasizing their common interests. Experienced consultants can also help put into perspective the problems and uncertainties companies and unions encounter; the consultants have been through the process before and seen similar problems resolved.

Assisting in Preparation of JTPA Title III Grant Proposals: In the cases we studied, consultants played an important role in developing JTPA Title III funding proposals. One of their functions was to provide the steering committees with updated drafts of the JTPA proposals so that all parties were kept current on decisions about resources, services, staffing, and other key issues (plans for these key areas must be included in the funding proposal). Many of the planning meetings were structured around reviewing draft proposals to identify issues that needed resolution or further clarification. Companies and unions generally do not have the time or staff to devote to writing the proposal: Most propos-

als follow a specific format and are complicated and long (about 30 pages including the proposed budget, attachments, and other materials).

Participating in the Planning Process: Technical experts can help in the early stages of planning by explaining elements of the center program that company and union officials may not be familiar with, such as retraining programs, job development systems, and management information systems. They can also reduce the company and union's dependence on outside agencies and provide a "second opinion" on technical issues raised by the agencies.

However, the presence of consultants can also complicate the program development process, simply because they introduce additional perspectives to an already complex planning process. The consultant's role is not to make decisions but to provide advice and facilitate the decision making. Occasionally, a consultant expresses a point of view on a key issue that differs from that of agency representatives or members of the company-union working group. While intended as constructive criticism and advice, some parties may feel their expertise and authority is being undermined. Therefore, consultants must take care that the dynamics generated by their intervention does not obstruct the overall process of achieving cooperation among the key parties.

Providing Training for Center Staff: In order for a center to function effectively, the center director and key staff such as union peer counselors must learn a great deal about job placement and retraining in a short period of time. Outside advisers who have had experience working with company and union personnel in similar situations can help train and prepare these individuals for their new responsibilities.

Although agencies provide expertise in employment and training systems and strengthen the program by contributing staff and services, agencies are not accustomed to commingling staff with private groups or having their staff report to an external, temporary organization. They are also not as likely to be flexible in their approach as management and union staff may be. The most productive centers are staffed with company, union, and agency personnel who each bring their particular skills and knowledge to the task at hand.

JTPA Title III Funds

The promise of public funding through the JTPA Title III Dislocated Worker Program is a key factor in gaining corporate support for an ambitious, comprehensive center program. Using this type of Federal funding can expand the services provided by the center, without requiring the company either to shoulder the entire financial burden or to give up control of the program. The center can still be located at the plant site or

some other mutually agreed on location, and the company and union can promote the program to workers and the community as a joint labor-management initiative. In a number of instances, companies felt confident about using Title III funds because they had worked with the JTPA program before or knew of other companies that had done so successfully.

JTPA Title III helps promote the tripartite process at several critical stages:

Stage 1—The company's initial consideration of the center model: The prospect of cost-sharing is critical to gaining company acceptance. Companies are reluctant to expand into the full-scale center model unless there is some prospect of bringing in outside resources. Likewise, State and Federal agencies are less likely to fund a project unless the company and union contribute time, money, or both to the effort.

Stage 2—The company and union discuss the concept; public agencies are included in planning discussions: At this stage, the grant proposal process becomes a powerful catalytic agent because it focuses early planning on a constructive, tangible assignment that, if successfully accomplished, will benefit everyone. As one General Electric manager said, "Obtaining the Title III grant is a mission that people will rally around. . . . The parties involved are willing to work together to plan an integrated program. In fact, the role that Title III plays in helping to catalyze this process is as important as the funding itself."

The proposal development process has also been used to impose structure on the planning process. Proposal deadlines force the planning group to act quickly, and reviewing proposal drafts is a useful focus for planning meetings.

In some States, bureaucratic requirements complicated the JTPA proposal and grant process to such a degree that companies said they spent more on the grant process than the grant itself provided. Still, they said that the planning process JTPA mandates and the opportunity to work positively with State and local agencies justified the money and effort.

Stage 3—The Title III Funding Awarded: Title III funds generally cover about half the cost of operating a center. Even when the actual company and community match is less than half, support for operations during the pre-grant period usually brings the non-Title III portion to 50 percent or more.

Collective Bargaining Provisions

Collective bargaining provisions can promote and support company-union cooperation in developing a tripartite program. In 1983, the United Steelworkers negotiated "Appendix O" in the Steel Master Agree-

ment which calls for companies and unions to "determine whether appropriate Federal, State, or local government funds are available to establish an employee training, counseling, and placement assistance program for that facility. If such funds are available, the company and union shall work jointly to secure such funds" As described in the USWA case study, this clause played a significant role in stimulating the International's approach to the issue of worker dislocation. The union has further institutionalized the tripartite approach in its more recent collective bargaining agreements with steel companies.

By placing similar clauses in effects bargaining agreements (if they are negotiated) companies and unions can help to legitimize cooperative effort and stimulate the effort to seek additional resources for assistance programs. In fact, the language included in the Allied-Signal/UAW Closeout Agreement was similar to Appendix O of the 1983 Steel Master Agreement. Collective bargaining language helps the union gain membership support of the center program.

Company-Union Cooperation Promotes Public Support

Even though employment and training agencies may resist company-union leadership, the company and union can, by presenting a united front, induce agencies to reconsider their opposition and join the partnership. One agency representative involved in the General Electric center admitted that "at first we questioned the company's motives for spearheading this, and, later, we questioned the wisdom of letting the company and union take the lead. The dedication of both parties, however, and the company's willingness to work cooperatively with the union impressed us and many others in the community. It was hard to say no to this one." The goodwill generated by the company-union effort enabled the center to obtain commitments from 16 area schools to waive up-front tuition fees so that workers could take advantage of General Electric's tuition reimbursement benefit.

A strong company-union partnership also facilitates coordination among the numerous employment and training agencies that become involved when workers reside in many different jurisdictions. By acting as one central party, General Electric and the union were able to request cooperation from a broad range of agencies in the Schenectady area. In addition, the company and union created a Community Advisory Committee to develop community support. The committee, and those like it in other company-union partnerships, played a vital role in securing broad-based agency cooperation on retraining, job development, and other center activities.

Assessing Center Achievements

Before summarizing the achievements of the assistance centers in our study, several points must be made regarding the limits of comparing outcome statistics in displaced worker programs.

Comparing the placement rates of company-union JTPA Title III programs with other types of Title III programs is, in many instances, comparing apples and oranges and can introduce serious distortions. At the Allied-Signal center, the 70 percent placement rate covers all employees directly affected by the plant closing; in a non-company-union Title III program, a 70 percent rate reflects only those individuals who seek assistance—which may be 10 percent or 20 percent of the affected work force—or those who seek assistance and are enrolled in on-the-job training.

Although some non-company-union Title III programs achieve placement rates of 90 percent or higher, the Title III enrollments in these programs may reflect only a small percentage of those laid off. There are two reasons for this. First, for some non-company-union programs, Title III is used only for certain services such as on-the-job training or retraining. While many workers may receive counseling and other services, only a small percentage are referred to Title III funded services. Therefore, the Title III statistics may omit the majority of individuals who received services, including only those who have been selected for on-the-job training or classroom retraining. Second, in many non-company-union programs, the majority of eligible workers do not seek assistance because the programs are located in unfamiliar surroundings and staffed by people they do not know.

By contrast, participation rates tend to be very high for company-union assistance centers. At the Allied-Signal center, participation was "179 percent." That is, 115 workers were laid off as a result of the plant closing, and nearly all of them participated in the program. In addition, more than 70 workers who had been laid off during the previous several years also participated.

Comparing participation statistics among company-union centers can also be misleading. Some steel industry assistance centers did not begin operations until a substantial period after the plants had closed and all employees had been laid off. Thus, it is misleading to compare the participation rates in these cases with the those of centers which opened before workers were laid off. Discrepancies also exist between the performance data kept by centers in different States. For example, in some cases retirees were served by the centers and counted as participants; in other cases, they were not counted.

Other factors that can affect program outcomes and, therefore, should be considered when assessing program results include:

- The local economy, particularly the **concentration** of displaced workers with similar skills competing in one area;
- The **wage rate** of workers in comparison with prevailing wage levels;
- **Severance benefits** and early retirement options. Workers with little financial support tend to engage in job search early;
- **Workers' skills, education levels, and ages**, which differ greatly from one plant to another;
- The plant's **reputation** in the community—an important variable in facilitating job placements; and
- **Recalls, sale of a plant facility to another company**, and other circumstances which contribute to workers' belief that a plant closing is temporary (worker participation in center programs decreases in such cases).

Analysis of Center Performance

The two centers that have completed their operations (Allied-Signal/Vincennes and International Harvester/Louisville) show impressive results, especially with respect to worker participation rates. Comparing the number of center participants with the number employed at the companies at the time of the closing announcement, both centers had participation rates in excess of "100 percent" (179 percent at Vincennes and 105 percent at Louisville). In other words, the centers enlisted an overwhelming majority of the workers immediately affected, as well as recruiting a substantial number of workers laid off in previous years.

The job placement rates at Vincennes (73 percent) and at Louisville (66 percent) were high. The wages at the new jobs (\$6.20-\$8.34 per hour) were lower than the employees' previous wages (\$8.50-\$10.00 per hour); however, the wages were reasonably good for manufacturing workers in those labor markets at the time.

Two of the programs, General Electric/Schenectady and Bethlehem Steel/Sparrows Point, are still operating. Assessing the outcomes is more difficult in these cases because more than half of the workers enrolled in center programs are still engaged in job search or retraining. Nevertheless, preliminary results are encouraging.

To date, the staff at the General Electric center reported that about 80 percent of laid-off hourly workers participated in the program. Of these, 42 percent had found jobs, 13 percent were enrolled in retraining programs, and 41 percent were still engaged in the job search.

At Sparrows Point, 815 workers had enrolled at the center. Forty-seven percent (381) had been placed in jobs. Of the 434 still enrolled in the program, 147 had enrolled in occupational retraining, 36 in on-the-job training, 36 in remedial education, and 11 in entrepreneurial training (a total of 28 percent in education/retraining programs). Center staff estimated that 55 percent-60 percent of participants would be placed in jobs. State officials noted that the Sparrows Point workers were particularly difficult to recruit and place in jobs because the majority of them had been laid off prior to the opening of the center. In addition, plant recalls had given workers hope that their old jobs would be reinstated.

Companies and Unions Appraise Center Effectiveness

Both company and union officials expressed overwhelmingly favorable feelings about their experience with the assistance center programs. Cooperation on the center programs was perceived to be a "win-win" situation: both sides benefited from the experience. In none of the cases that we studied did the center program result in a deterioration of the company-union relationship. In fact, the cooperative efforts consistently resulted in the company and union having a more favorable perception of each other. (See discussion below of the long-term impact of cooperative efforts on labor-management relations.) Company-union cooperation was also perceived as critical to the success of the center programs. The company provided resources and leadership during the early stages of the efforts. The union legitimized the centers in the eyes of workers, and union representatives contributed valuable insights and services during planning and implementation.

The center programs were also considered effective and were favorably received by workers and communities. A wide range of people pointed out that the tripartite approach set a precedent for additional cooperative efforts in their communities and that the new sense of total plant and community commitment contributed to an esprit de corps at the center.

The fact that State and local employment and training agencies were involved in the center programs may have an additional long-term impact on the community and on company-union cooperation at specific plants. Public-sector agencies have not been involved in the development of center programs in the past (largely because companies and unions usually consider such programs to be internal matters). But experience with the center approach gives agency personnel a better sense of how companies operate and how companies and unions relate to each other. Some agencies such as the Industrial Services Program in Massachusetts have used assistance center projects as a springboard for

other tripartite initiatives such as working with companies that are undecided about whether to close a plant and assisting with worker retraining at plants that have installed new equipment or expanded production.

In some cases, such as that of the General Electric center, the development of a working relationship between the company and public agencies facilitates cooperation on related projects such as in-plant retraining programs. (However, these efforts should not be confused with tripartite programs involving community-based labor-management committees, such as that in Jamestown, N.Y., which have a considerable history.)

Some companies that are going through a restructuring period have also been encouraged to apply the tripartite approach to situations other than closings or downsizings (e.g., in-plant worker retraining) as a result of their successful experiences with assistance center projects.

Finally, company and union representatives emphasized that cooperative efforts could succeed even under difficult labor-management circumstances. The best example of this is the continuing and expanded cooperation between the USWA and the major steel companies during a period of tense labor-management relations. This view was also confirmed by the experiences of the Allied-Signal center and elsewhere: Although it may take time for the company and union to agree to a cooperative effort, once they decide to move ahead, the two sides develop a genuine partnership.

Impact on Broader Labor-Management Relations

Incorporating Center Model in Collective Bargaining Agreements

There is clear evidence that successful joint efforts in establishing worker assistance centers have opened doors for further labor-management cooperation. As noted in the USWA case study, the recent round of contracts negotiated by the USWA and the major steel companies included provisions drawing on previous experience with company-union centers. Although Appendix O of the 1983 Steel Master Agreement contained only general language about cooperative efforts to obtain outside resources to support retraining and job placement, the 1986 contracts were more specific. They called for an extension of dislocated worker agreements to apply to workers likely to be "affected by pro-

longed or extended layoff," annual cash contributions by each company, the formation of company-union advisory committees at sites where closings or major work force reductions occur, and formal dispute mechanisms regarding worker assistance. The agreements also contained language pertaining to program staffing and service delivery arrangements.

The specificity of the 1986 agreements was prompted by two key factors relating to past experience with assistance centers. First, both the companies and the union believed the center approach had been successful, and they made this approach the standard method of dealing with closings and major layoffs. This commitment did not require the high level of risk that might have been present if the companies and union had not already worked with the centers. Second, their previous experience enabled both sides to identify specific issues regarding company-union steering committees, resources, staffing, and services that could be agreed upon.

Cooperative Efforts in Other Areas of Labor-Management Relations

In at least one of the cases studied (International Harvester/UAW, Louisville) and one case not included in the case studies (a General Electric plant in Massachusetts), the operation of the center program reportedly had a tangible impact on overall labor-management relations. International Harvester (now Navistar) and the UAW have undertaken a cooperative initiative known as the Customer-Employee Satisfaction Process (C/ESP), which aims at improving customer satisfaction and product quality by establishing a partnership between the company, union, dealers, and customer representatives.

Cooperation, in this instance, is being institutionalized through the formation of 1) a central committee headed by management and labor co-chairs and whose members include a dealer, a truck customer, and a national consumer adviser, and 2) labor-management-dealer-customer committees established at each Navistar plant and parts distribution center. Company and union officials agree that the C/ESP initiative is an important step toward improving company profitability, and, in turn, increasing worker job security (a leading concern of the UAW as a result of Navistar's massive layoffs and closings during the past decade). Company representatives feel that Navistar and UAW's joint operation on the dislocated worker center greatly enhanced labor-management cooperation on the C/ESP program.

At the General Electric plant in Massachusetts, where a worker assistance center was established following a major layoff, the company and the union cooperated in marketing the plant's capabilities in an effort to secure a large government contract. Company officials attributed the joint effort, in part, to the success that

the company and union experienced in establishing and operating the cooperatively administered assistance center.

In almost every case, company and union representatives noted the center experience improved their perceptions of the other party. Company representatives were often surprised by the capabilities exhibited by union members; union representatives were often surprised by the commitment of company officials to helping workers. The extent to which such changes in perceptions have an impact on broader labor-management relations is difficult to gauge; but presumably, opportunities exist for a greater sense of trust between the labor and management if their perceptions of each other improve even slightly.

New Approaches to Labor-Management Relations

Because different participants (especially on the company side) take part in the center planning and operation stages, these projects frequently introduce new approaches to labor-management cooperation. For example, industrial relations departments are responsible for bargaining and contract issues—responsibilities that focus on the formal and legal elements of company-union relations. Therefore, industrial relations departments were typically responsible for initiating and developing the formal cooperative agreements with the unions.

Human resources departments, on the other hand, often approach a situation in a less formal, open-ended manner (perhaps because they normally work with less confrontational issues than their industrial relations counterparts). Human resources department staff typically represented the companies in the development of assistance center programs, and brought a different decision-making style and more cooperative approach to the process. On the union side, a similar pattern occurred. Shop stewards or members of grievance committees—whose responsibilities focus on problem-solving—frequently staffed the centers. The new actors from the company and union were often known at the plants as "helping types" rather than "enforcing types."

Replicating Center Model

Once a company has worked successfully with a union at one site, the cooperative approach is often tried at other sites. When company and union representatives from a Massachusetts plant, where labor-management tensions were high, visited the General Electric/IUE center in Schenectady, both company and union staff at the center told the visitors that the program was a

genuine effort to help workers. That endorsement played a significant role in convincing the management and union from the Massachusetts plant that cooperation could be worth the gamble. Since that time, worker assistance centers have been established at the Massachusetts site as well as at another General Electric site in the State.

Whether other plants within a company adopt a center model depends on the corporate structure and management approach of the company. At highly diversified companies such as General Electric or Allied-Signal, key decisions about worker assistance programs are usually made at the divisional or "sector" level. Corporate executives may encourage division management to adopt a certain approach, but the plans for applying a particular model or system are generally developed at the divisional level. However, successful programs are usually given high visibility in the corporation, which encourages other divisions to use the same approach.

In many cases, a key individual at the corporate or division level champions the center approach after witnessing its effectiveness at other sites. The person tells managers in other divisions about the program and explains how to proceed with development. (Word-of-mouth endorsement enhances the adoption of blue collar center programs far more often than it does white collar programs.)

Firms that have fewer divisions or a more centralized management approach such as International Harvester (Navistar) and most steel companies generally initiate worker assistance initiatives at the corporate level, thus promoting companywide use of the model. After successful experiences with centers in Fort Wayne and Louisville, the company worked with a UAW division to establish worker assistance centers in Iowa, Tennessee, and other States.

And as the USWA case illustrates, a major labor union can encourage, and even require, use of the center model at plants throughout an entire industry.

The Center as "Neutral Territory"

While worker assistance centers appear to have had an impact on labor-management relations in numerous ways, a number of those involved emphasized that centers operate in "neutral territory" and, therefore, represent a sort of "enclave"—a unique entity set aside from the normal pattern of labor-management relations. Even high-level company and union negotiations on worker assistance issues were perceived as belonging to a "nonconfrontational" category. One union staff member said, "At this center, we're neither company nor union—this is neutral territory—we're just here trying to help these workers find jobs."

Because this "enclave" or "neutral territory" perception exists, some of those we interviewed questioned whether cooperation on center programs would carry

over into the more traditional, adversarial aspects of labor-management relations. A number of company and union officials said it is too early to tell what the long-range impact will be.

Implications for Improving Labor-Management Relations

Time after time we were told by company and union officials that there was no history of labor-management cooperation at their plants. Yet, when questioned further, it became clear that some genuine cooperation between the companies and unions had taken place. In Schenectady, the IUE local had cooperated with General Electric to alter work rules and improve productivity. The UAW local at the International Harvester plant in Louisville had worked with the company to increase productivity dramatically in connection with the installation of new high-technology equipment. And during the early 1980s, Bethlehem Steel and the United Steelworkers lobbied together in Washington on trade issues—a joint effort that was considered remarkable by both company and union officials.

The centers themselves were a form of cooperation that sometimes set the stage for new company-union initiatives and promoted efforts to find new approaches to issues that affect both sides. However, company and union officials did not necessarily view the assistance centers or the earlier instances of union-company efforts as formal cooperation. "Cooperation" was equated with traditional, institutionalized forms such as QWL or LMPT programs, even though a considerable degree of ad hoc cooperation had taken place.

While many lament the lack of cooperation between management and labor in the United States, we suspect that a higher level of cooperation exists than many people realize. Companies and unions have their reasons for avoiding institutionalized commitments. Many companies equate formal, written commitments with sacrificing management's decision-making prerogatives and resist such commitments; some union leaders maintain that the traditional adversarial labor-management relationship is healthy and productive and resist change, too. Thus, companies and unions are wary of the term "cooperation" because it might signify a long-term commitment and a departure from the traditional adversarial stance—risks which neither party takes lightly. Therefore, informal, ad hoc approaches to cooperation may play a critical role in the United States, especially if collaboration is viewed as a means to increase the competitiveness of U.S. industry and safeguard the jobs of American workers.



Encourage Use of the Tripartite Model

Despite the fact that dozens of assistance centers exist across the country, research suggests that only a small percentage of employers have utilized the company-union center model. And as pointed out in this monograph, many public employment and training agencies are unfamiliar with the center model and resist company-union-based programs. By contrast, Canadian companies and unions almost universally employ a center approach (similar to the one described here) in response to plant closings and major work force reductions. A key difference between the United States and Canada is that the center model has been institutionalized in Canada's national program for industrial adjustment, while in the United States the approach to worker assistance is decided on a company-by-company, union-by-union basis. In addition, the Canadian approach employs third-party advisers to facilitate the cooperative process at the plant level.

Currently, the U.S. Department of Labor is sponsoring a demonstration effort in a number of States, led by the National Governors Association, to adapt key elements of the Canadian approach to labor-management cooperation in this country. The demonstration project is being evaluated to determine whether this process has improved or has the potential to improve JTPA Title III service delivery. State governments would be wise to examine the demonstration effort and the evaluations to determine whether this approach should be tried in their States.

Current drafts of dislocated worker legislation (to replace or reauthorize the existing JTPA Title III) mandate State response teams as recommended by former U.S. Secretary of Labor William Brock's Task Force on Labor Market Adjustment Issues. If led by experienced, knowledgeable individuals who are committed to the tripartite approach, the teams could play a key role in encouraging more widespread development of company-union assistance centers. To be effective, State teams or any public-sector representative, would have to take into consideration the following:

- It may not be immediately clear who can best represent the company or union on outplacement issues. Generally, during the early stages of center planning, the company is represented by an individual from the division or corporate level, not the plant level. However, the roles of union internationals, districts, and locals differ greatly from

one union to another and even from one plant to another within the same union. States may want to consult industry and labor experts, or convene ad hoc task forces, to provide guidance on how to intervene.

- Agency credibility must be established with the company and union before planning can proceed. Companies, in particular, are likely to distrust agencies. In most cases, the agency must deal with the company and union at the beginning in small, confidential meetings. Large meetings with many agency representatives present are likely to confuse company and union officials and hinder cooperation between the company and union.
- When intervening in a plant closing or work force reduction, public agencies enter an environment where strong personal feelings and complex labor-management dynamics are present. Even after the intervening party has established some credibility, the pattern of skepticism and cautiousness about proceeding with the initiative, especially during the early stages of planning, is likely to continue. However, initial doubts can be overcome, even in situations where there has been a history of considerable tension between plant management and the local union. In situations where skepticism persists, the company and union may require some planning time without intervention by outside parties. In some cases, the company and union simply need time to resolve their differences and become accustomed to working together on this new type of program. Public agents can help facilitate the process by providing the company and union with information—perhaps a checklist of issues to discuss—and stepping aside for awhile.
- Local employment and training agencies may resist a State team, or any third party, that proposes a company-union centered approach (as opposed to an agency-centered program). Turf conflicts among local agencies can also hinder cooperation. Thus, the intervening party should possess the negotiating skills and clout to counteract local agency demands for control. Achieving company-union agreement on a broad plan of action can be useful in establishing a clear-cut agenda which local agencies must then respond to.
- Public agencies should have some funds available to commit to a project for a contingency period until JTPA Title III grants are approved. Clearly, the JTPA proposal process has value, but when a company and union are trying to quickly start up

a program to ensure early services to workers, the lack of any public-sector funding is a substantial obstacle.

Incorporate Cooperative Approach into Collective Bargaining

Including provisions for cooperative assistance centers in collective bargaining agreements can provide a solid framework for accomplishing two important objectives: 1) legitimizing union participation in cooperative efforts during a difficult time, which, in turn, helps to legitimize the entire center program with respect to the affected workers, and 2) stimulating company and unionwide planning for center programs as a matter of policy, as has been the case for the USWA, USX, Bethlehem Steel, and other companies.

A company and union can proceed, in steps, toward incorporating the assistance center model into formal agreements. An effective first step could be to include language that connotes cooperation (e.g., ". . . will jointly seek outside resources to support retraining and job search . . .") in an effects bargaining agreement specific to one plant. Such language leaves the cooperative process open and does not pose a great threat to either the company or union. At the same time, it symbolizes a commitment to working together on this issue and helps legitimize the program for affected workers.

A next step might be to include similar language in company or industrywide agreements (similar to Appendix O of the 1983 Steel Master Agreement). Cooperation, thus, goes beyond the "pilot program" or plant-specific stage, yet neither side is committed to overly specific language at a stage where such agreements are relatively unfamiliar.

As experience is gained in operating assistance centers, companies and unions can form more specific agreements (e.g., the 1986 agreements between the USWA and the major steel companies) that incorporate major elements of the center model (e.g., governance, services, staffing). An intermediate step might be to develop more specific agreements pertaining to a particular plant in effects bargaining.

Promote Company and Union Participation in Center Operations

The case studies strongly suggest that staffing centers with company and union members who are familiar to and respected by workers is vital to the centers' success. Company, union, and agency personnel have attributed high worker participation rates to the presence of familiar individuals at the center and to the local unions' efforts to promote the center. Company and union staff fully understand the workers' relationships to their plants and the impact of job loss on them. This knowledge and understanding aids in counseling, identifying individuals experiencing personal problems, and in planning center services.

Company and union working group members often bring valuable private sector contacts to the job development process, as well. These contacts often identify employment opportunities in the local area, as well as out-of-state, that are well-suited to the affected workers. These individuals can also be useful in securing cooperation and support from community organizations and agencies.

Prepare for Contingency Funding

The interval between the early planning stage and the time that JTPA Title III funds become available is a critical period in the development of a center program. In most cases—particularly in situations where several months elapse between proposal submission and grant execution—center services are needed before the Title III funds are disbursed. Therefore, companies, unions, and local agencies must make arrangements to support the program during the contingency period. Federal and State agencies should review regulations to determine if there are ways to provide limited amounts of money while proposals are pending. To the extent possible, agency representatives should have specific information about the amount and timing of available funding and the ability to leverage funds.

Develop a Systematic Approach to Training

While company and union staff have proven to be invaluable contributors to center programs, the transition from their previous jobs to their roles as center staff is often difficult. Companies, unions, and agencies can contribute to the effectiveness of center programs by developing training curricula for individuals—who are often unfamiliar with assistance center programs—selected to be center staff. Companies and unions that have operated assistance centers can utilize experienced center staff to help train staff at new centers as has been done by International Harvester and the UAW, the USWA, U.S. Steel Corporation, and others.

In addition to training for center staff, State and local agency personnel should be systematically prepared for their responsibilities in helping to initiate, plan, and operate center programs. For example, members of State and local response teams should become familiar with the stages outlined earlier and receive training acting effectively as third-party advocates for a

tripartite project. Agency staff detailed to center programs should also be oriented to their new roles: Although they are familiar with employment and training issues, there are substantial differences between working at an assistance center and working at an agency office.

Another component is the training material utilized. Company and union representatives involved in initiating, planning, and staffing center programs require information about the center model and guidance on how to develop an effective center. Center directors and union peer counselors are expected to perform a wide range of functions. As one center counselor said, "We are expected to be psychologists, career counselors, administrators, staff managers, teachers, coaches, program experts, and more—and all of this is new to us. We could have used more guidance and more material outlining what our responsibilities would be and how to carry them out." In the cases profiled, outside experts played a central role in providing such information and guidance. However, more printed materials, such as handbooks and brochures, would help to more widely disseminate the information needed to create and operate a center and, thus, improve the effectiveness of center programs.



PART IV: CASE STUDIES

This monograph has examined the dynamics of the tripartite approach—company, union, and government—in establishing worker assistance centers. We have focused on the key stages of the planning and implementation process, the evolution of the tripartite relationship at each stage, and the impact of this type of cooperative effort on broader labor-management relations.

As noted earlier, the authors were involved to some degree in the development of each of the programs described in the case studies, including the United Steelworkers of America (USWA) model assistance center strategy. Thus, we base our reports not only on interviews and project documents but also on personal experience.

The five case studies that follow examine the process by which individual companies, unions, and government agencies have worked together to develop worker assistance centers. Four of the case studies describe the development of centers at specific plant sites and the degree to which the companies and unions expanded the cooperative approach to other areas of labor-management relations. The remaining case study describes the unionwide model program developed by the United Steelworkers of America.

Allied-Signal Corp. Prestolite Battery Plant/UAW Dislocated Worker Assistance Center Vincennes, Indiana

The closing announcement at the Allied-Signal Corp.'s Prestolite Battery Plant in Vincennes, Ind., in 1985 was the culmination of a long-term decline in the plant's profitability. Over several years, flat markets and stiff competition had resulted in substantial overproduction in the automotive battery industry. At the time of the announcement, the plant had the capacity to manufacture 6 million batteries per year. However, it sold only 3.4 million that year, and it had projected sales of 3.8 million. Allied owned a number of battery plants throughout the country, but the Vincennes facility was, at the time, the only plant the company could close and still maintain the capacity to meet market demands.

The closing resulted in 115 employees being laid off, beginning on February 12, the week following the announcement and continuing through April 1, 1985, when normal operations ceased. (A skeleton crew remained employed during the summer to complete the shutdown.) Due to a decline in battery production, approximately 200 Allied-Signal/Vincennes employees had been laid off over a period of several years prior to the closing announcement. Many of the affected employees had worked at Prestolite for 15 years or more, and few had experience seeking new jobs.

Labor-Management Climate Prior to the Announcement

While company and union representatives agree that relations were quite good at the national and regional levels, the Vincennes plant had experienced ups and downs in labor-management relations during the late 1970s and early 1980s. In 1981, for example, the union local led the effort to grant concessions to Allied, which saved the Prestolite Battery business for a few years; but in 1982, when Allied requested more concessions during negotiations, the Vincennes local did not support the request.

Productivity at the plant was not as high as at a number of other Allied facilities. The number of grievances from workers peaked during 1983 and 1984. Union representatives felt that communications were poor. "The company did things, but there were no stated reasons why," one union local official said.

Part of the problem stemmed from a high turnover rate in plant management personnel. Within 3 years, several different plant managers were transferred in and out of Vincennes; and at the time of the closing announcement, the plant manager position was vacant. Considerable turnover also occurred at the foreman level.

Relations, however, were beginning to improve during the months preceding the announcement. According to one union official, "Things started coming around—grievances slacked off. . . . The last two plant managers recognized the [union's] desire to do the job. They came to the union and asked, 'What can we do to make this work?'" With the change in mood, productivity began to improve. However, workers and company management reported that there were still ups and downs, primarily because there was no clear leadership in plant management to lend a sense of direction.

The labor-management environment was also clouded by rumors of a possible plant closing. In Sep-

tember 1984, a union official accidentally intercepted a computer printout that indicated the Vincennes facility was slated to be closed. When asked, company officials explained that "the company [was] exploring options for consolidating operations, but that no decisions [had] been made."

According to company spokesmen, corporate-level executives at Allied had, for several months, been reviewing numerous options for consolidating Prestolite facilities across the country. Plans had changed several times during this period, with Vincennes alternately designated for closure and remaining in operation. Company representatives report that the final decision to close the plant did not come until early February, shortly before the announcement.

Workers at the plant picked up signals that indicated the company had, in effect, put the business "on hold." A contract to fix the roof was postponed, and the company conducted studies of workers' insurance and pension benefits to assess the value of the plant if it were to be sold (however, the workers did not know the purpose of the studies). But "everyone had their own opinion" as to what might happen, one worker said. Either as a result of denial, past experience, or hopeful signs, many did not seriously consider the possibility of a closure. One union official with 24 years' experience said he "had heard rumors about closing from the day he was hired in." At the annual "Expo" sponsored by the Chamber of Commerce, Allied-Signal for the first time had two booths; all other participants had one. And several weeks prior to the announcement, a company official told employees that the plant would remain open. (He later said he did not know of any plans to close the plant at the time he made the comment. Union local officials said they were inclined to believe him.)

The Announcement

The master agreement between Allied-Signal and the UAW contained no provisions requiring advance notice of layoffs. Allied representatives said that they gave "as much advance notice as possible." Notice was given approximately 6 or 7 weeks before the layoffs began. However, for some employees, termination was almost immediate.

The announcement itself was short and to the point. Employees were told that the facility would cease normal operations by April 1; during the interim, production would be phased out on a department-by-department basis, consistent with the flow of materials and work through the final phase of production. Employees were also told that the company had begun planning a program of outplacement assistance and would be working with the union to develop resources and plan services. The mayor of Vincennes and State representatives had been notified a few hours earlier.

Reactions to the Announcement

Despite the long-term pattern of decline, rumors, and other circumstances that foretold a possible closure, hourly workers and union officials described their reactions to the announcement as "surprised . . . shocked." Some workers continued to believe the closing was temporary "even after the machinery was removed," according to a union official. There was hope that the facility would be sold to another concern and would reopen. One union official who was informed of the possibility of a closure admitted, "I should have figured out what was going on—all of the obvious signs were there, but we just weren't thinking that way at the time."

There was anger at the company, directed primarily toward local management, because of the history of confusion and weak leadership at the plant level. At the same time, there was a renewed commitment to increasing productivity. Company and union officials agree that "workers were more willing to work overtime. . . . While there were mixed feelings, they went ahead and did the job better than anyone expected."

Early Actions

Both Allied-Signal and the UAW had planned and operated assistance centers for hourly workers in the past. The UAW Region 3 had several programs operating in Indiana under an "umbrella" JTPA Title III grant (received through the State from a Federal discretionary Title III grant); the UAW International had been operating (and continues to operate) well-publicized retraining and worker assistance programs with Ford and General Motors; and Allied had provided terminated hourly workers with services such as job search workshops and severance benefits. (Concerning JTPA Title III, Allied was the first company to develop a cooperative program with an IUE local under the newly enacted Massachusetts social compact legislation [in Greenfield].) However, the union local and company plant management had neither experience nor knowledge of worker assistance programs.

Approximately a week before the announcement, Allied hired a consultant (who had helped organize the Greenfield project) to implement early planning meetings; provide information regarding the assistance center approach; help develop the proposal; and assist with training staff, developing center services, and accessing funds. Although the consultant was hired by the company, it was understood that part of her role would be to provide candid advice on how to gain the trust and support of the union and to advocate to both parties the best means for moving the project along—even if this required some sacrifices on the part of the company and union. Thus, to the extent possible, the con-

sultant functioned as a neutral, third-party advocate for the joint company-union project.

Shortly after the announcement, the mayor of Vincennes contacted the local Private Industry Council about the need for assistance for the workers who would be laid off. A meeting, which included representatives of the PIC, the union local, and a Prestolite plant-level representative, was held at the plant. The PIC director described the services that could be provided (e.g., job search workshops, retraining, and counseling) at Vincennes University. (The Occupational Development Center of Vincennes University serves as the administrative entity for JTPA programs in conjunction with the Vincennes PIC. After the project was funded, the PIC received a formula Title III allocation of \$200,000 from the State because several other plants had closed in the area at about the same time.)

According to the PIC director, the meeting was "unsatisfactory." Unhappy with the atmosphere at the plant, the union local president was unwilling to cooperate with the company; he also criticized state and congressional representatives for their lack of effort in keeping the plant open. At this point, the PIC director reported that he felt there was little prospect for building a positive program; he decided to wait for the company and union to come to him when they were ready.

Shortly thereafter, the assistant director of the UAW Region 3 explored the possibility of using their JTPA Title III grant to fund an assistance project at the plant. However, the local union president, fearing his role would be undermined, was not in favor of regional involvement.

Discussions began between the UAW Region 3 assistant director and the Allied sector director of labor relations, the key company executive in charge of directing and overseeing the outplacement effort. They agreed that the best approach would be to utilize the Region's resources and expertise and the company's experience in Massachusetts to come up with a composite plan. The members of the local union bargaining unit felt that the local should work with the UAW region and the company to organize and provide help for its membership.

Once it became clear that a consensus was developing between the company, the union region, and the balance of the union local's leadership, the union president adopted a low-profile stance and appointed two members of the bargaining unit to represent the local in severance negotiations and subsequent assistance program development.

The Settlement Agreement

The "Plant Closeout Settlement Agreement" was negotiated by Allied and the UAW; the agreement was signed on March 7. Allied/Prestolite was represented by the sector labor relations director and plant-level per-

sonnel; the UAW was represented by international, regional, and local officials. In addition to separation pay and SUB benefits, the agreement provided medical coverage for the month in which the employee last worked in the plant, after February 12, 1985, and the following five months at no cost to the individual. The company also agreed that it may, at its discretion, extend severance rights to an employee actively at work who provides written proof of a job offer. This would be granted on a case-by-case basis depending on the company's need for the individual at the time. Union officials later expressed gratitude for the company's handling of this issue, feeling that the company "went the extra mile on this one."

The company and union agreed on an outplacement services clause: "Outplacement services will be provided to all bargaining unit members on a voluntary basis. The company and union will work together to provide for an orderly phase down of operations and to encourage employee participation in Federal, State and local programs for laid off workers." Though not specifying a program design, this clause represented a commitment by both parties to pursue JTPA Title III funding to support an assistance center for Vincennes employees. (The language was modeled on Appendix O of the 1983 Steel Master Agreement between the United Steelworkers and steel companies.)

Thus, the labor-management cooperative effort at Vincennes began primarily at the Region-Division (union-company) level, despite the history of labor-management tension at the plant and over the objections of the local union president. In this case, the initiative had to come from the company's director of labor relations and the UAW's assistant regional director—both had experience with this type of program, were a step removed from the local tensions, and were strongly committed to doing as much as possible to organize a successful effort.

Early Stages of Program Planning

Three key planning meetings were held in fairly rapid succession. The first took place at the offices of UAW Region 3 in Indianapolis. The Region 3 location was considered appropriate, because the meeting focused on sketching out options for tying into the UAW Region's existing JTPA Title III grant. In attendance were the UAW regional director, one appointed union local official, the Allied sector director of labor relations, a company consultant, and a representative from the Vincennes PIC. The UAW and Allied came to the meeting with fairly clear ideas of how they would conceive an assistance program, based on their respective experiences. A concept paper, outlining a basic plan for center services and funding, had been developed by consultants for presentation at the meeting. The company and union approaches were generally similar in

concept. An assistance center would be established at or near the plant site offering a comprehensive range of services including job search, retraining, and support services, funded jointly by JTPA Title III (UAW Region 3 grant), company cash, and in-kind contributions.

During this meeting, UAW and company representatives caucused several times to discuss specific issues raised and achieve agreement on the overall approach. (The caucusing process was used during subsequent meetings when issues arose that were important to either party.) In the end, it was agreed that developing a funding proposal and planning the program should proceed as soon as possible at Vincennes.

The second meeting took place in Vincennes. Representatives from the company, union local, and union region, and the company consultant were in attendance. The objectives of the meeting were to specify company and union commitments to dollar and in-kind contributions (in order to begin developing a budget), to develop a proposal, and to discuss program governance and staffing. In addition, the meeting served to introduce the process to union local leaders (only one had been in attendance at Indianapolis) and, thereby, develop a sense of union "ownership" in the program.

At the meeting, a small, informal "steering committee" was formed consisting of the Allied-Signal sector director of labor relations, the plant personnel manager, two UAW Local 675 officials, the consultant, and PIC representatives. In practice, this committee functioned as a project working group (once the program started, the union representatives and the plant personnel manager became the center staff), not as a formal oversight committee. It was also agreed that the center program would serve both hourly and salaried workers laid off from Prestolite. (About a dozen salaried workers were affected by the closure, most of them non-exempt technical/clerical personnel whose job search and retraining needs were similar to those of hourly workers.)

Within a few days, there was a third meeting, which lasted two days and was half meeting/half workshop. Its purpose was to plan the details of the program, work out the specifics of each party's responsibilities, and orient the steering committee/staff to this type of program's operations. All of the major participants were present including representatives from the PIC, Vincennes University Occupational Development Center (service providers associated with the PIC), the UAW Region 3, the local union, the company, and the consultant. This meeting represented a milestone for the program. From this point on, there was an extremely high level of commitment and cooperation between the company and union as well as with the PIC.

The new tripartite arrangement included key roles for each major participant. Allied Prestolite Battery, at the sector level, spearheaded the project by organizing the effort on the company side, providing technical assistance with program design, and paying project consult-

ants; and provided major funding and in-kind resource support for the center and a \$76,000 match for the initial funding proposal. Allied later agreed to provide ongoing insurance and pension benefits for center staff when center operations were protracted and to pay for retraining and job search services for participants who lived in Illinois and could not be covered by the Indiana Title III grant. Allied also provided severance pay and insurance (medical and life) continuation for five months.

Allied-Signal, at the plant level, co-staffed the center (the Vincennes Personnel Manager served as the center director for the first 6 months of the program) and provided space, equipment, telephones, and mailing services.

UAW Region 3 provided JTPA Title III funding to support a major portion of the program (\$100,000 was the original Title III grant amount), served as the legal Title III grant recipient for the program, and provided substantial technical assistance to company and local union staff during the planning phase.

UAW Local 675 co-staffed the center. Two hourly employees in the UAW local bargaining unit served as counselors, job developers, and union-employee liaisons. These individuals directed the program for most of its duration.

Vincennes University ODC (administrative entity of the Shawnee Trace PIC) provided staff support for JTPA Title III client enrollment and technical assistance to center staff on JTPA reporting and technical requirements; delivered job search workshops for the first 6 months of program operation; assisted with client skills assessment, counseling, and job development; and provided ongoing assistance to Prestolite workers after the center closed.

The project consultants provided technical assistance with overall program design, staff orientation, planning and JTPA Title III proposal development; and functioned as a third-party advocate for the project.

An extraordinary level of commitment and dedication to helping each individual affected by the closing was demonstrated by both the company and union. The orientation session held in late March at the company cafeteria was the first manifestation of this commitment. Two hundred and fifty workers attended the session—an outstanding number considering that only 115 were directly affected by the closure; approximately 200 others had been laid off over a period of several years preceding the closing announcement and, of these, 40 or 50 were retiring.

Center Operations and Program Impact

The center model used at Vincennes is similar to other center models described in this monograph. The center

was first located at the plant; when environmental procedures (related to the removal of lead) required the facilities to be vacated, the center relocated to a nearby motel. The center then moved to its final location at the local union hall. Services offered included "self-help" job search counseling and instruction, job development, training and on-the-job training, basic education, testing/assessment, relocation assistance, and referrals to community social services as needed. Though job search workshops were held for groups during the first few months of center operation, most counseling and assistance took place on an individualized basis.

The program originally was scheduled to operate over a period of 6 months; but twice, the Title III grant (through the UAW Region 3) was extended as the continued inflow of workers indicated the need for more assistance. Allied Prestolite contributed resources to the continued operation of the center (over and above Allied's original match funding) by paying for the cost of continued health insurance and pension credits for center staff.

The center achieved impressive results despite unfavorable economic conditions in the rural Vincennes labor market. For example, other plant closings in the same area resulted in over 1,000 layoffs. Area unemployment rates during the first several months of 1986 fluctuated between 11 percent and 11.5 percent, much higher than the national average.

Of the 250 employees who attended the orientation session, 186 formally enrolled for JTPA Title III assistance—again, a high participation figure given that only 115 employees were laid off following the announcement of the plant closing. Of the 186 employees enrolled in Title III, 128 were placed in jobs (33 via on-the-job training completions)—again, an impressive figure given the weak labor market. And approximately a dozen individuals completed classroom vocational training.

The average wage at placement was \$6.20/hour, considerably higher than the State average. The Title III cost per placement was less than \$1,000.

The Vincennes University Occupational Development Center served some workers directly out of agency offices (not through the company/union center) resulting in 20 additional on-the-job training contracts and over 20 additional job placements.

The fields in which workers were placed included auto body shop mechanics, insurance sales, factory work, service station management, mobile home park maintenance, water softener delivery, trucking, pest control, banking, turkey processing, grain elevator operation, credit bureau, heating and plumbing, university maintenance, carpentry, hospital orderlies, power plant operations (entry level), self-employment, restaurant, factory inspection, upholstery, and carpet installation.

(This list represents placements made at an intermediate stage of center operations; it is not a final listing of all placements.)

Experience at other centers suggests that recruiting previously laid-off workers is a difficult and thankless task, usually producing minimum results. The high turnout at Vincennes can be credited to the center staff's efforts in individually contacting workers and aggressively promoting the center program. Their efforts continued throughout the center's life.

Final Impressions

The UAW Region 3 Assistant Director summed up the program: "I was concerned . . . because not only was Prestolite closing but so was another major employer, [and] a large employer had just closed ahead of that. . . . People were saying, 'How do you think you're going to come in here and find jobs in Vincennes?' My comment was that we've been successful with similar circumstances. . . . If we work hard and call on everyone to help . . . we can be successful. We set goals there based on our experience . . . and we exceeded the goals; we placed more people than we anticipated, and we enrolled more people in the program than planned. There were more good jobs found than anybody thought would be available in the area—most people placed were placed in the immediate area which meant there was not much movement out of the community. . . . And while the average starting wage was lower than Prestolite's . . . it was decent. We attribute our success to the fact that we got in there early, we got good newspaper coverage, and we were using the plant, and the fact that we were using people from the union and the company that the work force knew. . . ."

The Vincennes PIC Director expressed similar feelings about the program's success: "What made the program so successful was that union people actually ran the program at the front line, [which] gave the program the immediate credibility that it would have taken us (at the time) 6 months to develop. It meant that the program could get on line faster. . . . I think agencies' reluctance to get company/union more involved is more related to 'turfism' and that's too bad. Unions have a sense of people needs that goes far beyond a PIC agency's."

The center has completed operations and shut down. One union co-director is a job developer at the PIC, and one has a small business building batteries; the company co-director is now the human resources director for a transportation company in the area.

General Electric Co. Turbine Business Operations/IUE, Local 301 Employment Assistance Center Schenectady, New York

Early Initiatives and Collective Bargaining Framework

As with many other major corporations, plant closings and permanent layoffs were common at the General Electric Co. before 1980. With the closing of the company's flatiron plant in Ontario, California, however, GE was among the first (in 1981) to work with the State of California's Economic Adjustment Team to establish a company-union dislocated worker center, more than a year before the JTPA Title III legislation was enacted. Prior to the recession of the early 1980s, few major corporations and unions anticipated the scale of plant closings, layoffs, and restructuring that would be necessary to keep many manufacturing businesses alive. As a result, collective bargaining agreements negotiated prior to 1980 addressed severance issues in a traditional manner, without specific reference to plant closings or major layoffs or transfers of work.

However, by 1982 it had become clear that cutbacks were necessary if companies were to remain profitable. The 1982 Master Agreement negotiated between GE and 13 labor unions addressed the changed economic situation by breaking new ground. For the first time, specific severance, outplacement, and retraining benefits were designated as applicable to three different categories of workers: 1) workers who lost their jobs due to plant closings; 2) workers who lost their jobs due to work force reductions brought about by transfers of work, outsourcing, and automation; and 3) temporary layoffs brought about by fluctuations in production—the pattern that had been addressed in most previous labor agreements.

With respect to plant closings, for example, the company and unions agreed on a minimum 6 months notice, a tuition reimbursement-retraining benefit of up to \$1,500 per individual, and other provisions relating to early retirement options, employee rights in transfers of work, and severance benefits. (These benefits were also provided to all other GE employees.)

In 1983, the new collective bargaining framework was triggered when the Lighting Business Group was restructured, necessitating some closure of plants and

transfer of work to other plants. Advance notice was given of the forthcoming closures, in all cases exceeding the 6-month minimum requirement. Planning for assistance to affected workers and administration of severance benefits also began prior to the 6-month notice, so that the assistance programs were in place when layoffs began.

Besides the new collective bargaining provisions, several other circumstances shaped planning for assistance to workers laid off from the Lighting plants. First, 1983 also was the start-up year for the new Job Training Partnership Act Title III program which provided for assistance to dislocated workers. GE became aware of Title III through its contacts at the National Alliance of Business (NAB) and expressed interest in utilizing this new resource for the benefit of its employees in combination with company resources. Second, as mentioned above, GE had previous experience in Ontario, California, planning and operating an effective worker assistance center in cooperation with the plant local of the Union of Electrical Workers and the State of California.

As planning progressed, a cooperative company-union model developed, similar in many respects to the Ontario center but, this time, utilizing JTPA Title III funds and the new GE retraining benefits (as well as other contributions from GE and the community) as matching funds. In the Lighting Business Group, centers were established at several locations. Since then, similar centers have been established where other GE plant closings and work force reductions have taken place.

The IUE has participated with GE and other companies in developing a number of worker assistance centers and, therefore, also has had some experience with the issue. The International encourages its locals to play an active role in such programs and publicizes them. In addition, IUE's District 2 operates a program which, among other things, assists local unions with staff development when dislocated worker centers are established in its jurisdiction. In Schenectady, union participation consists of the local's involvement in the project.

Decision to Reduce Work Force

In 1986, in response to new market demands and foreign competition, the General Electric Co. made the decision to consolidate operations, transfer production, and upgrade technology. The move had an impact on a number of GE divisions including the Lighting Business Group, the Major Appliances Business Group, the Aircraft Engine Business Group, the Transformer Business Operations, and the Turbine Business Operations. At some locations, these changes led to the hiring of new workers or retraining the existing work force for new technology; in other cases, production changes required layoffs or plant closings.

The restructuring of Turbine Business Operations in Schenectady, N.Y., resulted in the layoff of approximately 1,050 hourly employees and 975 salaried employees between 1986 and late 1988. Although this represents a significant cutback, GE still employs more than 12,000 people at the Schenectady plant and remains the mainstay of the local economy.

To help laid-off workers make the transition to new jobs, GE initiated a cooperative program with Local 301 of the International Union of Electrical Workers (IUE) to establish a comprehensive assistance center in Schenectady that opened in September of 1986. The Schenectady initiative was not the first for GE. In fact, the company is one of the pioneers of the tripartite approach to worker assistance centers dating back to 1981.

Broad "Economic Adjustment" Approach in Schenectady

In most respects, the Schenectady Employment Assistance Center follows the pattern set by GE's earlier programs. A significant difference, however, is in the breadth of the initiative. The company viewed the Employment Assistance Center as a component of a larger program to help the city adjust to the impact of economic change.

Key elements of the program include: 1) open communications with employees and the city about why serious measures were required to ensure the company's long-term survival; 2) job search and retraining assistance for laid-off workers (the company and union took the lead roles, with community and state support); 3) economic development (with the company and union supporting community and State initiatives); and 4) a comprehensive planning process that involves management, labor, the community, and appropriate agencies in all activities.

One of the reasons for the breadth of Schenectady's approach is the relationship between GE and Local 301. It has been characterized by company and union officials as one of mutual respect—even when there have been disagreements between the two sides. The local is well established and strong.

In the decade prior to the layoffs, labor-management relations at the Schenectady plant followed a course that was predictable and acceptable to the union and management. There were relatively few strikes, and those that occurred were generally one- or two-day actions affecting a single unit or department. The strikes, which seldom included pickets, were more like general demonstrations rather than attempts to directly compel a particular resolution of an issue. In most years, fewer than 1 percent of available labor hours were lost to strikes. Each labor contract negotiated dur-

ing this period was ratified in Schenectady by a wide margin without labor disruption.

Since the assistance center was established, there have been few, if any, other formalized "labor-management cooperative" programs in Schenectady. This appears to be based on company policy. Some GE executives expressed the opinion that the company does not encourage formalized cooperative efforts with unions because it wants to keep its decision-making prerogatives as open as possible. However, there is a high level of personal credibility and trust between company and union officials at the plant.

The IUE International encourages its locals to play an active role in cooperative programs and publicizes them. In addition, the union's District 2 operates a program to assist locals within its jurisdiction to train staff to work in worker assistance centers. In Schenectady, the union participates through the local's involvement in the center.

The Announcement

In July 1986, GE announced the restructuring of the turbine business, which triggered the layoffs. Prior to the announcement, rumors were rampant about impending layoffs. According to company personnel, union local officials called almost daily asking about the current status of the plant. But until the decision was made, the company would say only that the situation was being studied carefully.

When the announcement finally came, company officials mentioned a program to assist workers who lost their jobs, but details were not discussed initially. Thus, the union had no idea of the scope of the cooperative arrangement that would later come about.

Local union leaders met with the turbine operations management to discuss what could be done to keep the plant in operation. Shortly after the announcement, the union local also organized a march on City Hall to mobilize support for actions that might save the jobs at the plant. The local union leadership also held a meeting at the union hall with State officials and members of the New York congressional delegation to push for government action on trade policy, nuclear power (they believed that increased use of nuclear energy would bolster employment), and other issues. They also discussed other options for bringing new business to the plant.

Planning for a Cooperative Assistance Effort

In late July, the company approached local union leaders with the idea of a cooperative effort using JTPA Title III funds to establish an assistance center to serve

hourly workers. The agreement to cooperate in creating the center was developed during three meetings. At the first meeting, company and union representatives discussed the basic outline of the program (center services, company and union representatives to staff the center, governance, funding, and community support).

During the meeting, union representatives said they had been approached by State officials about an assistance program and wanted to consider the State's suggestions. The union was familiar with State-funded programs because it had participated in a State-sponsored retraining program 5 years earlier. The decision was made to bring on a consultant with expertise in establishing employee assistance centers.

The second meeting took place a week later. A union officer responsible for benefits was designated to attend the meeting and report back with recommendations. When later asked about the union's reaction to the company's proposals at this meeting, the union representative replied: "To be very truthful, in the beginning, I did not think it would work. I've been involved in a number of company committees to represent the union (about various issues), and as we looked back and thought about it, a lot of it was talk. And I thought, how is this program going to work? Everybody always thinks when the company does something it is always to benefit them (the company). . . . I didn't think the people would relate to the company or the center. I didn't have any conception in the beginning that it would be working the way it is, and I'm truly amazed!"

At early meetings, GE managers expressed some of the same concerns. They, too, wanted to know how the program would work. But their primary question was whether laid-off employees would be able to find jobs at wages that were comparable to those they earned at GE. Manufacturing was declining throughout the region. Both sides were acutely aware of the risk of establishing a center and having it fail either because employees declined to participate or because they were unable to find jobs. Put another way, going public with a center involved a leap of faith.

The planning process began in August with the designation of a working group composed of company and union representatives (four in all) and the consultant. The union peer counselor and the center director (a company employee) were selected from the working group. The group met three times a week for about two months. The consultant acted as the team leader to help develop a broad agenda to guide the planning sessions. The consultant provided the company and union representatives with an understanding of the center concept—the services, staffing, budget process, etc.—but also encouraged the group members to draw on their own experience as they developed the specifics of the program.

A week or so after the planning sessions began, the union official who became the union liaison and center peer counselor said: "After I thought I understood it, I said to my boss (the union business agent), 'I think we should get involved. Let's get our feet wet and see what can be accomplished here.'"

As the team members became more knowledgeable, the consultant took on an advisory role, and company and union representatives assumed leadership of the project. In the next step, a working group began writing the proposal for JTPA Title III funding and held preliminary discussions with State and local agencies and the regional private industry council (PIC).

Title III Proposal Development and Funding

As the planning sessions progressed, several activities took place simultaneously: Planning for the center continued, the working group met with community organizations, GE was determining what it could contribute in direct funding and in-kind support, and discussions were being held with the State in conjunction with the Title III funding.

The State's requirements for the Title III proposal were unusually detailed and stringent, requiring numerous drafts and meetings over a period of a month before the State accepted the proposal. The process of developing the proposal and early planning was further complicated by the fact that the local PICs and training agencies seemed to have little to contribute. This is partly because JTPA administration in the Albany-Schenectady area is highly fragmented—five PICs operate in a metropolitan area of about a half million people. Another factor is that worker dislocation has not been as great a problem in this area as it has been in other areas of the State such as Buffalo and Syracuse.

In late August, State officials informed the company and union that the State's Title III allocation had been used up and that the company would have to apply for a special grant from the Secretary of Labor's discretionary Title III fund. At that point, the company and union developed a contingency plan to fund the center entirely with union and company funds for three months, beginning in early September, when the first significant layoffs were scheduled.

The Title III proposal was submitted in September, and GE and union representatives met with U.S. Department of Labor representatives to emphasize the urgency of the situation. About a month later, a grant was awarded to GE but for less than the original

request. The Contracts Management Division of the New York Department of Labor worked with company and union officials to modify the proposal in preparation for a grant request to the State.

Center Operations and Staffing

The hourly workers' assistance center was located at the plant site near one of the entrances. A center for salaried employees was set up across the hall. Both offered a comprehensive range of services. Company-union divisions soon blurred—participants viewed the center as "neutral territory." The union counselor said: "The company-union atmosphere here is not the same as it is in the shop. We are all here to help." The center director said: "The union's presence here brings worker support of the activities of the center. Union people tend to look to union leadership for direction and the peer counselor provides that linkage. Without the union, there would be the suspicion that the company had ulterior motives, and the union counselor tends to dispel that."

A formal steering committee was never established—it seemed unnecessary, although it was discussed. Company and union staff kept their superiors informed of activities and monthly results. Also, a Community Advisory Committee provided oversight and assistance. (See below for more information on the committee.)

Center staffing was minimal at first—the director, the peer counselor, and a job search workshop trainer. When additional resources became available, area PICs and the Job Service assigned a job developer and four part-time counselor-interviewers to the center to conduct initial client counseling and assessment. According to all staff interviewed, there is a high degree of teamwork at the center.

Like many other company-union assistance centers, this center had a high participation rate—in the 80 percent range for hourly workers. Early communications and orientation were critical to promoting worker participation. The union counselor said that GE personnel managers (who distributed the lack of work notices) performed a critical function when they referred workers to the center. It is at this point that workers receive their first impression of the center and must be encouraged to participate. "Communications are very important. But we know that once we get them down here, we got 'em," the counselor said. "When they come down here on company time during orientation, you can see a change in their attitude right away. And when they see that we are here to help them become reemployed, that makes a big difference."

Project Outcomes and Impact

Because of the layoff schedule, many workers have been enrolled in the center only during the past 6 to 8 months. Thus, outcome data at the time of this writing was quite preliminary. To date, approximately 840 workers have been enrolled at the center—about 80 percent of those laid off, a high participation rate. Of those, 42 percent were placed in jobs, 13 percent were in retraining programs, 41 percent were actively engaged in job searches, and 6 percent are in the "negative terminations" or "status unknown" categories.

It is clear that the center has motivated and encouraged workers going through the job transition process and helped the community address important issues of economic adjustment. (See profile of Community Advisory Committee below.) The center director said of his expectations for the project: "I hoped that in operating the center we would have high credibility with our employees, great participation on their part, and that we could provide meaning to their job search. I feel we've been able to do that. Of course, if we have a hundred people laid off and one doesn't come in, I'm disappointed." The union counselor said: "The bottom line is helping people become employed. That's the number one objective—that everybody becomes reemployed. Training is okay but after that, there's got to be a job."

Addendum to Schenectady Case Study—Community Advisory Committee

The Community Advisory Committee was part of the original employee assistance plan. The committee's initial mandate was to assist the center with job development: Everyone agreed that jobs comparable to those at GE would be scarce. The committee's responsibilities were later expanded to include oversight of the retraining and economic development portions of the program. The committee held its first meeting in late September 1986, at which time the president of the Schenectady Economic Development Corporation was named chair. Subcommittees on job development and retraining were also established at the initial meeting. (The head of the local Chamber of Commerce chaired the job development subcommittee, and the president of the Schenectady County Community College chaired the retraining subcommittee.)

Committee accomplishments include:

- A center staffing arrangement that includes four professional career assessment counselors, on a part-time basis, to assist with center intake and assessment procedures. Two of these staff are on loan from the New York State Employment

Service, one from the Schenectady Private Industry Council and one from the Fulton-Montgomery-Schoharie County Private Industry Council.

- An agreement among 15 area training institutions to waive up-front tuition requirements, so that center clients can participate in training and pay for tuition via the GE Individual Development Program which provides tuition reimbursements after training is completed. Center clients are given "vouchers" that training institutions will accept for enrollment.
- The establishment of an official referral and training network in order to provide center clients with customized training services. Through this network, individual campus representatives are in direct contact with the center director and staff to plan training services and handle referrals as appropriate.
- The development of an area-wide Educational Resources Directory, for use by the center in identifying training opportunities anywhere within a 60-mile area. As it turns out, this document will be very useful for other purposes outside the center program as well. It represents the first time a comprehensive information source of this type has been developed and made available in the Albany-Schenectady area.
- A job development network, led by the center job developer, who meets regularly with all job developers working at various agencies in the region. Participating institutions have recognized the extraordinary nature of these achievements via a recent merit award from the New York State Association of Two-Year Colleges to the chairman of the Retraining Subcommittee for his work with GE and the IUE on this project. In addition, the State increased the budget for the Schenectady County Community College substantially based principally on the value of the College's contribution to the community at large in connection with this effort.

Although not a labor-management entity itself, the Advisory Committee is a direct outgrowth of a labor-management initiative. Committee members expressed the sentiment that, at first, there was some skepticism about GE's commitment and motives in this effort. However, the high level of cooperation and commitment on the part of GE and the IUE in this effort helped to convince the community at large that the center program was, in fact, a genuine and committed effort to help those employees being laid off. On the same subject, the center director commented: "Union involvement enhances the effort through the eyes of the politicians. The latter are more likely to get involved and support it with both the company and union involved. It's easier for the politicians and other public groups to support with both involved."

International Harvester Corp./UAW Dislocated Worker Center Louisville, Kentucky

After a decade of expansion during the 1970s, the International Harvester Corp. experienced one of the most dramatic setbacks in U.S. business history. The company, which had tripled sales during the past decade and increased its work force to 94,000 by 1979, was forced to cut employment back to only 21,000 by 1984—a 78 percent drop in 5 years.

In a relatively short period, an innovative, rapidly expanding firm had fallen victim to soaring interest rates, a severe recession, a 5-1/2 month strike, and deteriorating markets in agricultural equipment and trucks. In 1985, International Harvester sold its agricultural equipment business to competitor J.I. Case Inc., and the following year the company changed its name to Navistar International Corp., a restructuring even more comprehensive than that of the Chrysler Corp.

Thus, the 1984 closing of the International Harvester foundry in Louisville, Ky., can be seen as one part of a much larger work force reduction that occurred over a period of several years throughout the company.

Early Efforts at Cooperative Worker Assistance Programs

In an effort to heal the wounds of a strike in late 1979 and early 1980, International Harvester took the lead in establishing a company-union Committee on Employee Involvement (EI). The goal of the committee was to give hourly workers a greater involvement and stake in the company.

However, officials of the United Automobile, Aerospace, and Agricultural Implement Workers (UAW), which represented workers at the foundry, were far from enthusiastic about the EI committee. "The UAW Agricultural Implements Division was uncomfortable about the concept (of a joint program) but willing to at least talk about it," a company representative said. Union officials said the program had little impact, but a company representative argued that although "the committee did not sponsor a lot of overt activity, it did lay the groundwork for other activities that followed."

Given the severity of the company's financial position, it became clear that a permanent retrenchment was inevitable and that this would result in major layoffs. In April 1982, the company and union signed a letter of agreement creating a Joint Committee on

Retraining and Placement to oversee an initiative to provide training and job search assistance to workers who lost their jobs. (The letter of agreement was a formal supplement to the Master Contract between the company and union.)

Among the key provisions of the agreement were: 1) establishment of the Joint Committee, with three members each from the company and union; 2) tuition-reimbursements for laid-off workers of up to \$1,000 a year for training in occupations related to the worker's job at International Harvester; and 3) a \$1 million company contribution (in addition to the tuition reimbursements) to support a job placement and training fund administered by the Joint Committee. (The \$1 million was to be used until the agreement expired, at which time another amount would be negotiated.) In a good faith effort by the company, the initial \$1 million was spent and replenished with an additional \$1 million several months before the agreement expired.

The agreement built on earlier agreements between the company and the union. For instance, since the early 1960s, the company had offered tuition reimbursements for certain workers (not laid-off workers) receiving training in occupations related to their jobs. The new agreement extended eligibility for the reimbursements to terminated workers (although training still had to be in occupations related to their former jobs). Also since the early 1960s, the company had agreed to pay some worker relocation costs associated with interplant transfers. And beginning in 1980, a unique multiplant seniority master list system had been used in transferring employees from one plant to another.

Early Application of New Approach

One of the first tests of the new agreement occurred in October 1982, when the Louisville assembly and machining plant was closed, resulting in the termination of more than 1,700 workers. Drawing on its experience in assisting white collar workers to find new jobs, the company proposed offering a job search workshop to laid-off employees. The workshops were to be delivered by an outplacement firm and paid for from the \$1 million fund. In addition, the company offered to make the tuition reimbursements and other severance-related benefits available to all workers affected by the layoffs.

UAW representatives said they had not been happy with outplacement firms in the past and proposed that the company and union develop their own workshop. The company agreed, and development began on a two-day workshop on "Reentering the Job Market." (The workshop was modeled on workshops used by UAW with the General Motors Corp. and Ford Motor Co. as well as International Harvester's outplacement program for white collar technical workers.)

The company took the lead in developing and conducting the workshops, and the UAW took major responsibility for contacting workers and encouraging participation. Space was made available at the plant for the workshop classrooms and a small resource center with reference books, newspapers, and telephones. The Kentucky Employment Service provided a microfiche machine and part-time staff. However, unlike the assistance center program that is the focus of this case study, this early effort did not offer job counseling or a number of other services currently associated with comprehensive centers. The comprehensive center approach to worker assistance had not yet been developed by the company and union and funds were not yet available from the new JTPA Title III program (designed to provide assistance to dislocated workers).

Broadening of Assistance Approach

Subsequent plant closings and the availability JTPA Title III funds eventually led to a broadening of the company-union outplacement program. In August 1983, officials of International Harvester and the UAW met with representatives of the National Alliance of Business (NAB) and the Human Resources Development Institute (HRDI) through a U.S. Department of Labor project designed to help companies and unions develop cooperative dislocated worker programs.

With the help of NAB and HRDI, the company and union began planning a comprehensive assistance center for workers who were laid off as a result of a plant closing in Canton, Illinois. A similar plan was developed for a plant in Fort Wayne, Indiana—the company's largest facility—where most of the work force was being terminated. The plan and JTPA Title III funding for Fort Wayne were approved by Indiana.

The Fort Wayne project, like all International Harvester/UAW cooperative efforts, was planned and supervised by the Joint Committee on Retraining and Placement. Center staff were drawn from the existing work force, representing both plant management and the union. The comprehensive model and new funding sources introduced at Fort Wayne provided a level of support that exceeded any prior International Harvester-UAW program for laid-off workers. Both the company and union were enthusiastic about the results.

Thus, despite delays in getting approval for Title III funding, the Fort Wayne center became a model for company-union cooperative efforts at other locations. Similar centers were established at the Canton plant as well another plant near the Illinois-Iowa border and the Louisville foundry.

Background and Closing Announcement: Louisville Foundry

The closing of the Louisville foundry was the final chapter in the decline of International Harvester's presence in the city that began when the tractor manufacturing plant was shut down several years earlier. By early 1983, employment at Louisville had dropped from a peak of more than 6,000 during the 1970s to about 860 at the foundry. Even with the reduced work force, temporary shutdowns during 1983 left workers idle approximately 50 percent of the time.

According to both company and union representatives, labor-management relations remained quite good during the years prior to the closing announcement. The local union officers elected in 1981 had cooperated with the company in efforts to improve productivity. A corporate-level executive said that "employee involvement was high . . . [the plant had] very active employee problem solving [and] good union support."

In 1982, the company installed a multimillion-dollar automated point unit at the plant, which, after a one-year debugging period, achieved "unheard of" productivity—97 to 98 percent uptime. This cooperative, positive, relationship "contributed to hope that the plant would remain open and [to the] disappointment when it did not," a company official said.

In May 1982, International Harvester and the UAW agreed to an advance notice provision in the master agreement that required the company to give at least 6 months notice to workers in the case of a total plant closing and 90 days notice in the case of a partial closing. The company also had an informal agreement with the UAW to notify the union as soon as it knew a plant would close. As it worked out, this worked out to anywhere from about 6 months to 2 years notice.

In November 1983, the company announced that the Louisville foundry would be shut down at the end of April 1984. (The plant actually closed on August 4, 1984, 8-1/2 months after the announcement.)

The company also had an agreement with the union that "effects bargaining" specific to each plant would include negotiations on the extension of health care benefits, "right-to-quit" issues relating to pension rights, relocation/transfer rights affecting the seniority of workers who were transferred to other plants; and special early retirement options.

As a result of effects bargaining at the Louisville foundry, health benefits were continued for 13 months after an employee was laid off; after that, workers could pick up the health coverage on their own. Certain workers who were over age 40 and who had sufficient tenure were eligible for special early retirement benefits; a master recall procedure for determining which

employees were eligible for transfers to other plants was invoked; and the company agreed to consider individual requests for pension rights in cases where workers received job offers prior to their layoff date.

Reaction to the Announcement

According to company officials, workers were disappointed but not surprised to learn that the foundry would close. "There was a great deal of surprise in 1982 when the machining and assembly facilities were closed, but by '84 the handwriting was on the wall," said the corporate Manager of Organization and Development.

However, local union officials said the closing announcement took many workers by surprise. The Louisville foundry was one of the company's most modern and efficient facilities. Thus, workers had reason to hope the foundry would remain open and to discount rumors of a closing. "There had been rumors about a closing as far back as 1980," said the local union vice president.

Prior to the announcement, rumors had been circulating that the company was planning to close a facility and that it would be either the Louisville foundry or an Indianapolis plant. However, plant management expressed optimism that Louisville would remain open because of the recent investments in equipment and the plant's excellent level of productivity. When the announcement finally came, plant managers assured local union leaders that they had not expected the Louisville plant to be closed—at least not anytime soon. Most union representatives said they accepted this explanation because the plant manager had a history of credibility with the union.

Early Actions and Program Planning

Workers at Louisville were aware that they would receive assistance from the company and union in finding new jobs, as had been the case two years earlier when the Louisville tractor facility closed. In fact, immediately after the closing announcement was made, local union leaders called the union members of the Joint Committee to push for a retraining and placement program as the company-union agreement called for. But most workers at the plant knew little about out-placement programs.

The week following the closing announcement, the company issued a statement confirming that an out-placement program would be established and that a worker assistance center would be set up at or near the plant site to help workers who lost their jobs. But

detailed planning for center operations did not begin until early February, a delay caused partly because the closure date was postponed to allow time to fill backorders.

Joint Committee representatives met with the union local to discuss the assistance center and to choose a site for the program. Both the company and the union favored having the center at the plant or nearby, and after some discussion, the employee credit union building was selected.

During the second week of February, key players in the company, union, and outside organizations met to discuss tripartite arrangements for planning, financing, and operating the assistance center. Among the participants were representatives of the UAW International and local, corporate and plant management, company consultants, the Kentucky Employment Service, and the local Private Industry Council—over 20 persons.

Decisions were made about the following key issues:

Governance: A steering committee was established with one representative each from the company, the UAW International, the Kentucky Employment Service, and the UAW Region 3 (the JTPA funding source for foundry workers who lived in Indiana). The steering committee controlled program design, staff selection, resource commitment, and other key policy decisions during the planning stage.

Funding: Approximately 20 percent of the foundry workers lived in Indiana; therefore, JTPA Title III funding had to be arranged from two States. The UAW Region 3 became involved because it had received a JTPA Title III grant to fund worker assistance programs for its members in Indiana. (This is the same program which funded the Allied Prestolite assistance center in Vincennes, Indiana.) Other issues included the company's financial commitment, and the contributions of the Employment Service and the private industry council.

Agency Roles: The government agencies were surprised at the fact that the company and the union wanted to be full participants in the center's programs. Although the Employment Service had been involved in the outplacement program at the Louisville tractor plant in 1982, the agency had no experience with a company-union run assistance center, and State officials were skeptical that it would work. But both the company and union were adamant about taking this approach, and all parties finally agreed on a preliminary plan.

There was also some disagreement about whether the Employment Service or the PIC would take the lead role in job development and on-the-job training, but this issue was resolved too.

Proposal Development: Company consultants were assigned to work with company, union, and Employ-

ment Service officials to develop a draft JTPA funding proposal for submission to the State.

A meeting was held at the beginning of March to review the draft proposal and solidify plans for the operation of the assistance center. There was an agreement to request \$310,000 in JTPA Title III funds, with an equivalent match from International Harvester. The company and union agreed to provide staff for the center, with the Employment Service providing two to three people to assist with on-the-job training, course instruction, and job development/matching. Workers who required social services assistance would be referred to the United Way, which had established a Special Outreach Service for the Unemployed in 1981. Finally, it was agreed that a letter signed by the plant manager and a local union representative would be sent to all workers explaining the center program and encouraging participation.

Labor-Management Relations

The center was originally scheduled to open on May 1, 1984, but because of delays in processing the two Title III grants (one from Kentucky and one from Indiana) and the postponement of the plant closing, the center did not begin operating until June 1. (Almost all employees remained on the payroll until the August 3 closing date.)

Despite the difficulty of the circumstances, labor-management relations continued to be smooth. Productivity increased, as is often the case after a plant closing announcement. According to a company executive: "Attendance improved, the quality of work improved, and local labor-management relations, which already were good, improved." A union official agreed: "As soon as rumors hit the street that the plant might really go down, productivity went up." Local union officials took an active role in bolstering morale and maximizing productivity. One union official remembers walking through the foundry encouraging workers to keep up the good work. "If there is a glimmer of hope the company might change its mind, let's give them something to look at," the official told workers. "We want to say 'Why lay us off, look what we're doing for you.'"

Although corporate-level managers and the union International took the lead during the planning stage, responsibility for the center moved to the plant management and local union once a center director and other staff were selected. One of the first challenges was overcoming worker skepticism about the program. "Initially, there was not a great response (from employees)," a union member of the center staff recalled. Working with the steering committee, the union staff member and the center director developed an outreach strategy that included sending letters about the program to all

employees who were then working at the foundry and to anyone who had been laid off during the past two years. Later, using a list generated by the company's computer, letters were sent to any foundry employee who had ever been terminated.

Orientation and training for the staff at the Louisville center began with a visit to the Fort Wayne assistance center, which had been in operation for some time. The union staff member reported: "We copycat- ted them to death." The Fort Wayne center staff, including the director, then came to Louisville to deliver the first round of job search workshops and to observe and critique center personnel as they led the next round of workshops.

(This type of staff interaction was so successful that it became a routine practice that, whenever a center was established at an International Harvester plant, company and union representatives with experience at an established center would assist staff at the new center. Eventually, a network of center directors was established. Members discussed problems and shared experiences at meetings and in telephone discussions.)

The center was operated as a joint company-union project with both parties' logos on the center sign and on brochures and other center materials. The Joint Committee on Retraining and Placement oversaw all center activities as well as other elements of the retraining and placement program (e.g., the \$1 million company contribution and the tuition reimbursement program). Center directors, who were employees of the company, reported to the corporate Manager of Organization and Development.

Corporate management and the UAW International received regular reports on center activities, and corporate and International officials occasionally visited the center. "Nothing is perfect, but I can think of no major issues that came up once the center program was up to speed," said the corporate Manager of Organization and Development.

Center Operations

Services offered by the center included "self-help" job search counseling and instruction, job development, training (including on-the-job training), basic education, testing/assessment, relocation assistance, and referrals to community social service agencies.

In this instance, there was some controversy over the appointment of the foundry's employee relations manager as the center director. According to union officials, in a previous position this person had served disciplinary actions on some workers. Thus, there were hard feelings toward him among some employees. Nonetheless, the union supported the appointment because, according to one union official, his presence symbolized the company's willingness to make a long-term commit-

ment to the program; he was a symbol of authority (which, in this case, was interpreted to be a positive factor in terms of motivating workers during job search); and he had a reputation of being a fair person and was well liked by many workers. If some employees felt uncomfortable with the director, they could work with other staff members. It was also pointed out that the center director had expressed an interest in working at the center and had previous experience as a counselor.

A company official said that in selecting the center staff, the primary emphasis was on finding people with strong interpersonal skills. What they had done in their previous jobs was not considered a major issue. The one common denominator among the staff was that their jobs at the plant were also being eliminated so they could relate personally to the workers' situation.

The local union president selected the center's union staff member, a person who had served as a shop steward, the recording secretary of the local union, and a member of the grievance committee. The union staff member had many responsibilities at the center including being a counselor and a job developer. At first, professional counselors from the State Employment Service provided the primary career counseling, but workers preferred talking to the union counselor—he was a familiar face and a skilled counselor—so his counseling role expanded as the program progressed.

The tripartite staff arrangement worked quite well, although some adjustments had to be made to reconcile the approach taken by company and union staff with that of the Employment Service staff. Company and union staff complained that they had to "do everything in triplicate" and that the Employment Service emphasized paperwork and counseling rather than "knocking on doors" to recruit participants.

Company and union staff also said while their first priority was to help employees find comparable, high-quality jobs, agency staff put more stock in the number of job placements, meeting legal requirements for serving veterans, and enrolling participants in other center services such as testing/assessment, retraining, and remedial education.

Agency personnel responded that remedial education and training would improve workers' long-term career potential, even though it might temporarily delay job placement. These differences were considered relatively minor by the staff and were resolved as the program went on.

Center Outcomes

Manufacturing employment in Louisville declined by more than 25 percent between 1981 and 1985 as a result of continuing layoffs by International Harvester, the General Electric Corp., and other large employers.

Despite this weak job market, the International Harvester-UAW worker assistance center exceeded its job placement goals by a considerable margin. Here is a look at the center results:

International Harvester-UAW Worker Assistance 100, Placement Program

	Actual	Projected
Enrollment:	903	960
Job Placement:	599 ⁽¹⁾	480
Average Wage:	\$8.34/hr.	\$7.50/hr ⁽²⁾
Relocations:	170 ⁽¹⁾	
Retrained:	126	

Note 1: 140 of these were International Harvester transfers.

Note 2: Approximate wage for workers not placed in other International Harvester plants.

In June 1985, JTPA Title III funding for the center expired, and Kentucky decided not to continue financing the program. However, International Harvester offered to pay for the program until the end of the calendar year. The UAW Region 3 also pledged to continue its financial support through the JTPA program. The center remained open until December 31, resulting in an additional 118 job placements during the final 6 months.

Appraisal of Cooperative Model

A union official summed up his view of the company-union effort this way: "There was a big sign that ran the entire length of the building (where the center was located) which had the company logo on one side and the union logo on the other. . . . This was the first time in history that the two were up there together. We wanted to start right off the bat letting people know that this was a joint effort."

A company official explained what he thought each side brought to the effort: "The company brings organization, management, and planning skills as well as resources to the four-legged stool arrangement—company, union, government, and the community. The union contributes empathy, a relationship and fraternity between the union local and members that involves a trust factor, knowledge of peoples' skills, and the

union's demonstration of a cooperative relationship with the company. This says to the employee, 'Be comfortable with this. . . .' One party can't do it—the company couldn't do it, the union couldn't do it, and the company and union could not do it—without the cooperation of the agencies that provided and administered the grants and the schools that provided the retraining. It just takes very close coordination and cooperation with all of these people."

Assessing the company's overall experience with assistance centers, the company official said: "We feel that the outplacement centers were successful. In most cases, the placement rates were . . . 70 percent to 90 percent, which we thought was very good considering that some of these plants were in very depressed areas."

New Customer-Employee Satisfaction Program: An Outgrowth of Company-Union Cooperation on Assistance Centers

International Harvester (now Navistar) and the UAW have embarked on a new cooperative initiative called the Customer-Employee Satisfaction Process (C-ESP). The goal of the project, said a member of the steering committee, is to improve customer satisfaction, product quality, and profitability by "involving the people in every unit of the organization, starting at the factory floor and extending to the dealers and, ultimately, to the customers."

The new process is designed to identify and respond to customer complaints. "If a customer has problems with a Navistar product or service, they can get in touch with one of the committees and discuss their concerns," a company official explained. "The committee then explores the issue and refers it to the right group of people. If it is an issue which involves union employees, they will get together with management and resolve the issue."

Union and company officials believe the C-ESP initiative will not only improve profitability but also provide greater job security for workers. Both sides agree that the best way to protect jobs is to increase sales. "We can sit down and discuss job security, but the true reality is that job security is a reaction of satisfied customers buying your product," said a company official. Union officials are especially positive about the program because, unlike some other productivity improvement efforts which can threaten job security, this program assures workers that they will be rewarded for doing a good job.

According to the company's Manager of Organization and Development, this program is a direct outgrowth of the cooperative effort on the worker assistance centers. "Involvement with the union on the out-

placement effort got us a lot more comfortable with each other," he said. "The relationships were building very strongly so that we could move into this very quickly and easily. . . . I think that the initiative that we put together with the outplacement program will be something that will be looked upon as having a very positive effect on company-union relations for some time to come."

United Steelworkers of America International Worker Assistance Program

General Trends in the Steel Industry

This past decade has been a period of sharp transition for the U.S. steel industry. In 1979, production was at a near-peak level with over 100 million tons of steel being produced; by 1982, output had fallen drastically to 62 million tons, leaving the steel industry as a whole operating at less than half capacity. Communities across the Northeast and Midwest felt the sudden impact of economic dislocation as plant closings and layoffs of major proportions occurred. The number of production workers was cut from 380,000 in 1979 to 208,000 between 1979 and 1983 (source: Bureau of Labor Statistics [BLS]). While some of these workers found new jobs relatively quickly, studies indicate that the majority did not; a BLS survey in January 1984 classified approximately 120,000 steelworkers as "dislocated workers."

During the first half of this decade, layoffs were, typically, the result of the immediate crisis in the industry. For several years thereafter, layoffs and plant closings continued as steel companies either went into bankruptcy or restructured operations to regain a position of solvency in an increasingly competitive environment. By 1987, the number of production workers in the steel industry had dropped to 163,000, less than half the 1979 figure.

Several underlying factors account for this substantial downturn in the steel industry:

The growing worldwide imbalance of supply and demand: With the rapidly expanding steel production capacity in developing nations and the technological developments that have allowed aluminum, plastics, and other materials to be substituted for steel, the

supply of steel worldwide has been growing faster than demand.

Foreign competition: The output and competitiveness of foreign steel producers has been on the rise. Over a period of several decades, producers in Japan and other foreign countries have invested heavily in new production equipment, thereby increasing productivity and product quality; during the past 10 to 15 years, new low-cost steel producers such as Brazil and Korea have expanded their steel production capacity dramatically. Many foreign producers are subsidized by their governments, and industry representatives charge that foreign countries have been "dumping" steel on U.S. markets at below-market prices. According to a Reagan Administration report ("Causes and Remedies for Displacement of Steel Workers," April 1985), over 200 antidumping and countervailing duty petitions have been filed against nearly every country that exports steel to the U.S.

Declining domestic productivity and cost-efficiency: During the 1960s and 1970s, domestic steel companies, in comparison to their foreign counterparts, were slow to modernize production facilities; productivity lagged, which put American producers at a competitive disadvantage. The rising cost of steel production had also made domestic steel less competitive than most foreign steel. Wage and benefit increases contributed to these costs—worker compensation in the steel industry had risen to over double the average for U.S. manufacturing industries.

USWA's Early Response to Economic Dislocation

The United Steelworkers of America (USWA) made a commitment, early on, to help its dislocated members. Prior to 1983, however, the USWA International was not substantially involved in direct job search or retraining assistance to its dislocated membership. Assistance was usually provided at the plant level and initiated by the company and union local.

Although the 1980 Steel Basic Labor Agreement contained provisions for workers affected by temporary layoffs (which, prior to 1980, had been common), there were no provisions specific to reemployment or training assistance for permanently laid-off workers. There were provisions regarding permanent job separation on non-training/placement issues such as severance pay, early pensions, and inter-regional transfers; but these were seen as applying to isolated cases where technological change resulted in a limited number of employee terminations. "We never thought that thousands upon thousands of workers would be permanently separated," one leading union official said.

When massive layoffs did occur in 1980 and 1981, it still was seen as a result of the recession at the time—

that most of these workers would never return to work was not envisioned. The International mobilized worker assistance by supporting initiatives at the district and local levels; however, this approach created considerable autonomy in the development of programs.

Beginning in 1983, the International spearheaded a nationwide initiative that responded to the difficulties posed by massive worker terminations. There are four key elements of the approach the union took. First, the USWA International Task Force on Dislocated Worker Program Development established a program framework and model for worker assistance and oversaw district and local efforts in this field. Second, joint company and union committees were created to oversee the development and authorization of projects and funding. Third, an approach or model for accomplishing the worker transition was defined. And fourth, the inclusion of provisions in negotiated labor agreements with separate companies that called for specific resource commitments from the company in question (including dollar contributions) and the establishment of formal company/union committees.

The USWA approach was developed simultaneously with a number of other initiatives that supported the development of assistance programs for laid-off steelworkers.

Early Company-Union Worker Assistance Programs Developed

Although the International had not developed a systematic nationwide approach to assist laid-off union members before 1983, some districts and locals had developed, or participated in developing, programs to help workers—at times, with support and encouragement from the International.

In many of these early programs, the local union emphasized providing social and emergency services for workers, such as food distribution and job search assistance. In 1982, the Pittsburgh Area Food Assistance Board was created with the assistance of the International's Civil Rights Department. This program brought together over two dozen food bank programs in the western Pennsylvania area. Similar efforts include a primary health care program in southwestern Pennsylvania, a Toys-for-Tots program (coordinated through the International Vice President for Human Affairs Office), and the Dollar Energy Fund, which, through matching funds by utility companies, enabled needy families to meet the high cost of energy and utilities.

In 1982, plant-level experimentation with various comprehensive approaches to worker retraining and reemployment had also begun to take place; in various parts of the country, programs were being initiated—these programs would later provide useful experience for the larger unionwide effort. Kaiser Steel (Fontana,

Calif.) and the California Economic Adjustment Team set a precedent by working with the local steelworkers union to develop a comprehensive assistance center at the Kaiser Steel plant, which was supported by the company, union, and State government. The Bethlehem Johnstown, Pennsylvania, project spearheaded by the company and the community with some local union cooperation also broke new ground by using most of its resources to provide counseling services to displaced workers. Bethlehem Steel, in conjunction with the State of California and the Los Angeles local also developed a program.

In 1983, the LTV Corporation (then Jones & Laughlin Steel) purchased a steel plant in Midland, Pennsylvania, from Colt Industries. Prior to being shut down a year earlier, the plant had, at one time, employed 5,000 workers; Jones & Laughlin hired back only 200 (139 hourly) of the original plant work force. The District negotiated with Jones & Laughlin an agreement to establish a training fund for those workers not rehired. With the voluntary consent of rehired members, \$1 per hour was deducted from their paychecks for a limited period: 75 cents of each dollar was earmarked for training, and 25 cents of each dollar went to a food bank. Twenty thousand dollars of the monies allocated for retraining was used as seed money to establish a worker assistance program. With technical assistance from the National Alliance of Business (NAB) and the Human Resources Development Institute (HRDI) of the AFL-CIO, the District-Company oversight committee developed plans and multiple funding proposals to create the Midland Center for Career Development, a comprehensive reemployment program.

Soon after the Midland project was underway, a similar initiative was established at the ARMCO, Houston, facility. With considerable technical assistance from HRDI and NAB, the local participated with the company to develop and implement plans for a comprehensive center. An innovative aspect of the Houston project was the involvement of the Texas Employment Commission in planning the project and delivering services.

These efforts, however, were sporadic; and, again, the primary initiative and participation from the union side came from districts and locals.

Collective Bargaining and Related Labor-Management Initiatives

By 1983, the International's role in worker adjustment began to change. Many of the workers who had been laid off 2 to 3 years earlier were still unemployed, and most had exhausted their income support benefits including Trade Adjustment Assistance. The union leadership in Pittsburgh recognized that these layoffs were, in fact, permanent separations and that the industry's companies were merging, consolidating facilities, and shutting down or idling plants; thousands of permanent

separations were anticipated. And despite the experimental retraining/readjustment programs at a few sites, affected workers were receiving little to no job search or retraining assistance.

When negotiating the 1983 Steel Basic Labor Agreement, the International "moved to put language into the agreement which recognized the realities of the situation. . . ." The result is Appendix O of the 1983 Basic Labor Steel Agreement—A Memorandum of Understanding on Plant Closings. (See appendix.) For the first time, the Steel Basic Labor Agreement specifically addressed the issue of retraining and reemployment assistance to steelworkers affected by plant closings. According to union and company officials, there was little controversy at the bargaining table over Appendix O. One union official called the language of Appendix O "enabling language," as it required cooperation in obtaining outside support for worker retraining or job search programs, but it did not require the company to contribute anything tangible.

The International also formally adopted a policy position—above and beyond Appendix O—to address their belief that the company is responsible for managing production and the government is responsible for "managing the overall economy" and adopting, or failing to adopt, policies that would give the steel industry a fair chance in world markets. The policy, therefore, states that the company and the Federal government, not the union, should bear the major social responsibility for assisting these workers. In negotiations specific to a given plant closing, the USWA bargained for cash contributions from the company as well as in-kind contributions of staff time, equipment, space, and facilities. Such commitments were obtained with all major steel companies.

The negotiation of Appendix O took place in the context of a larger set of issues—in the 1983 bargaining sessions, specifically, and in labor-management relations, generally. The union made important wage and benefits concessions in return for increased company financing for SUB benefits and additional guarantees of weekly benefits to laid-off steelworkers. In the quest for increased competitiveness and job security, the USWA and individual steel companies also instituted a variety of LMPT- and QWL-type projects, with mixed successes from company to company and from year to year. Certain Bethlehem Steel and Jones & Laughlin (LTV Corp.) cooperative projects with the USWA appear to have reached a considerable degree of success.

Public Sector Initiatives

Around the time Appendix O was being negotiated, a number of important national policy events were occurring that would lead to increased support for assistance to displaced steelworkers. The number of

plant closings and layoffs generated increased public awareness and political concern over the impact of dislocation on workers, their families, and communities. The most significant outcome of this increased concern was Title III of the Job Training Partnership Act, which was enacted in 1982 and began operations in 1983.

However, the Reagan Administration was still concerned about the plight of the steel industry, as it was more severely impacted than most other industries. Administration action was triggered, in part, by a petition to the International Trade Commission, filed jointly by Bethlehem Steel and the International, for relief under section 201 of the 1974 Trade Act. While the Trade Commission recommended that relief be given, President Reagan chose not to provide direct relief on the grounds that direct relief might provoke foreign retaliation. Instead, the President issued a directive to develop a general policy for the steel industry as a whole. Voluntary agreements with Brazil, Czechoslovakia, Japan, Korea, South Africa, and numerous other foreign countries were negotiated to prevent sudden surges in steel exports to the U.S. The initiation of unfair trade practices cases where the Administration deemed it appropriate was also implemented.

In addition, a tripartite Steel Advisory Committee (SAC) was formed in November 1983 to develop appropriate consensus recommendations regarding "common problems affecting domestic steel producers, their employees, and the steel production industry." This group was composed of representatives of all parties with a strong interest in the steel industry: management, labor, government, and the public. The following year the Committee issued recommendations on issues relating to trade, employment, capital formation, and industry restructuring. Some of the key recommendations included:

- "... information about and endorsement of Labor-Management Participation Teams should be diffused through the collective bargaining process and supported by the Department of Labor";
- "... the Department of Labor should work with industry representatives to find alternatives to layoffs in the wake of capital improvements";
- "... retraining and job search assistance should be supported by the government, with as much responsibility accepted by unions and management as possible";
- "... a portion of JTPA funds should be set aside for the steel industry"; and
- "... research should be undertaken to examine alternatives to worker and community adjustment."

(Source: "Causes and Remedies for Displacement of Steel Workers: A Report Submitted to Congress" pursuant to a request made in the Trade and Tariff Act of 1984, April 1985.)

Key administration actions resulting, at least in part, from the work of the Steel Advisory Committee included: 1) setting aside \$10 million from the Secretary's Discretionary fund of JTPA Title III to provide assistance to dislocated steelworkers (referred to in this report as the "Steel Set-Aside"); and 2) an administration endorsement of the LMPT approach as "a potentially effective method for improving the competitiveness of enterprises in the steel industry. . . ."

Thus, the development of the USWA model paralleled, to a certain extent, measures that were being taken by the Congress, the Administration, and the Steel Advisory Committee to mobilize and support assistance to dislocated steelworkers.

Creation of International's Task Force and Program Model

Despite the early successes of company/union programs, Appendix O and the new JTPA Title III program, it became apparent to the International that most workers were not moving quickly back into the labor market and that the range and quality of services—where they were offered—varied considerably from one site to another. Although there were resources and commitment, the means to actually implement effective, comprehensive programs at plants where permanent layoffs were occurring were not yet in place. ". . . Our members were not receiving an equitable level of service from one situation to another," the Assistant to the International President noted. "The . . . assistance many were receiving was entirely inadequate."

Therefore, the International took steps to organize a unionwide response to dislocation. The International's model reflects the principles that the union felt were critical to the success of a worker readjustment program. The model includes a tripartite (USWA-company-community) approach; equitable assistance (for employees represented by other unions as well as USWA members), prior notification and early intervention; preparedness and early planning; and comprehensive, intensive services for affected workers.

In December 1983, 9 months after the 1983 Basic Labor Agreement was signed, the International President established the USWA International Headquarters Task Force on Dislocated Worker Program Development, the entity now responsible for overall program planning and oversight on worker assistance programs. Assistant department heads and other staff within Headquarters were assigned to the Task Force in order to develop and coordinate a systematic internal process for decision making and oversight. At the same time, the Assistant to the International President was designated as the International's Task Force Chair to initiate and coordinate the joint company-union planning process from the International when a plant closing or major layoff occurred.

Within weeks after the new union Task Force was created, U.S. Steel (USS) announced a restructuring plan which impacted a number of sites. The imminent closings and layoffs provided an immediate need to implement the new structure and approach. USS had also developed plans for a companywide approach to assist its laid-off work force and to implement Appendix O. The company's approach was to expand the outplacement center model, developed earlier to provide orientation, counseling assessment, and job search assistance to displaced management personnel. In this case, however, JTPA funds were also provided for retraining services. National Alliance of Business consultants assisted in broadening the company concept to include all of the basic elements of a comprehensive assistance center.

At meetings held by corporate and the International, the basic company program model, as modified, was presented to the union. At this time, the union had not developed a formal program model on paper but, instead, worked with the company to achieve agreement on the fine points of the approach. Once agreement was reached, representatives from the International and the corporation went to each plant site to meet with plant and local union officials to describe the overall approach and to begin the process of developing a local program. Meetings were then held with local agencies to construct a project and apply for State funding. As these projects evolved, the International worked on developing and documenting its unionwide program approach, building on its immediate experience with the USS sites.

The U.S. Steel projects represented a key turning point for the International's approach. By the time these projects were implemented, the union, working with each of the major steel companies, had evolved the two key elements of its current program development system: the internal decision-making process (in which the International participates in developing and monitoring projects); and the comprehensive, tripartite program model.

Serving Workers Who Have Not Received Advance Notice

An important development in the U.S. Steel case was the emphasis on assisting those workers laid off prior to the company's announcement (the announcement represented final severance). Since 1983, the steel industry Basic Labor Agreement has provided a legal framework for prior notification of plant or department closures: a 90-day notice of a plant or department closure must be given, with a 30-day period reserved for the USWA to review and propose alternatives to closure. However, this framework has not guaranteed advance notice of plant closures to workers. In many cases, the official notice of intent to permanently close is given after a facility has been shut down operationally. Frequently,

80 percent of the laid-off workers have exhausted their Unemployment Insurance benefits when the plant closing announcement is made.

The issue of how steel companies designate temporary layoff versus permanent separation status has been a controversial one. Many steelworkers who have been laid off for several years are, nevertheless, considered to be on temporary layoff if the plant has not been formally and legally shut down.

International officials note that designating a plant or facility as closed triggers expensive pension, severance, and transfer benefits, and has other important implications for the company including taxes (e.g., depreciation of assets) and stock prices. Thus, the union contends that companies are often reluctant to designate a facility as closed, even when the company has no plans for reactivating it. Further, the union says, it is common knowledge that important benefits negotiated by companies were then considered by them to be too costly to bear, due to foreign competition and the their inability to remain competitive. Companies then approached the Federal government, asking it to pay for the costs of plant shutdowns. The union cites this act as further evidence of companies' plans to close a given plant. Further evidence was the fact that companies did not allocate funds for maintenance at certain plants.

Company spokesmen cite the cyclical nature of the steel business and uncertainty about the future as reasons for not giving workers a permanent separation even though they have been laid off for long periods. One company spokesman said: "When the economy goes down or a product line is not purchased or is imported . . . work force numbers . . . and facilities [or operations] have to be reduced. . . . [To] shut the facility down doesn't make sense from a business standpoint. The difference between the 1980s and earlier decades is an over-capacity situation. . . ."

Whatever the reasons, the fact remains that steelworkers have been unemployed for years, have exhausted their benefits, and have not been made eligible for job search or retraining assistance under JTPA Title III. For the time being, the USWA is recognizing and anticipating that certain worker layoffs are, in effect, terminations. An agreement with U.S. Steel and the U.S. Department of Labor to allow long-term unemployed steelworkers to receive assistance regardless of their formal layoff status was seen by the union as a first step in addressing this issue.

Thus, an important part of the assistance model was to identify these situations as quickly as possible and encourage the workers involved to begin their transition to a new job or retraining immediately and not to wait for a possible recall. The USWA stressed that genuine advance notification of worker terminations is a crucial element of an effective tripartite approach to economic adjustment; the USWA is working to address this issue in its collective bargaining and policy advocacy activities.

Description Of a Unionwide Model

Resulting in part from its experience with the U.S. Steel multi-site closures, the International Task Force created and documented a unionwide approach to assisting dislocated steelworkers. The International's aims were: 1) to include a workable process by which programs could be initiated, planned, and established quickly when dislocations occurred; and 2) to assure a wide range of quality reemployment and adjustment services to all workers, regardless of occupation, employer, or locale. Key elements of this approach include internal governance, a comprehensive model, model variations, and international support activities.

Internal Governance

The International Task Force on Dislocated Worker Program Development, appointed in December 1983 by the International President, is the cornerstone of the International's efforts to provide quality services to displaced workers. The Task Force is comprised of Headquarters assistant department heads and technicians responsible for issues (including legislation) related to training and worker adjustment. The members met monthly as necessary.

The Task Force oversees all dislocated worker assistance projects serving USWA members; serves as a link between Headquarters and agencies or community organizations responsible for JTPA Title III and other support for worker assistance; provides District Directors with ongoing technical assistance on program development issues; oversees the Trade Adjustment Assistance certification process for members; and advises the International President on assistance programs and policies. Task Force members also continue to perform their duties as Headquarters Department Heads. Their participation on the Task Force is part of the USWA's in-kind contribution to the overall tripartite worker assistance effort.

At the union's request, each major steel company has since appointed an individual at corporate headquarters to work with the Task Force chair as appropriate. The Task Force chair and the company designees are reportedly in frequent contact to coordinate efforts.

The Comprehensive Assistance Center Model

The International has developed a comprehensive service delivery model similar, in many respects, to other assistance center programs profiled in this study. Major elements of the model are summarized below with special emphasis on those aspects which are unique to the union's approach.

Joint Labor-Management Approach with Community and Agency Support: The union has encouraged a tripartite approach to steelworker assistance in order to maximize the range of resources and services

available. Since the union believes that companies and the Federal government must assume responsibility for assisting affected workers, the International has consistently taken steps to encourage the requisite resource commitments and assistance at the collective bargaining table, in severance (effects bargaining) negotiations, in union policy statements, and in voluntary cooperative arrangements with steel companies and community agencies.

Program Services: To maximize effectiveness, the union program stresses a comprehensive range of services including: Ongoing outreach and recruitment (utilizing union peer counselors); "self-help" reemployment assistance; direct job placement assistance, including job development and placement; education and retraining, including classroom training, on-the-job training, and Remedial Education; and services to offset the impact of transition, including individual counseling, referrals to social services, and special emergency service programs in highly impacted areas.

Cultivating Worker "Ownership" of the Program: Ongoing communication and promotion of the assistance program, which begins early in the planning process, is accomplished through the outreach-recruitment efforts of the union's Peer Counseling program and through the encouragement of the districts and locals. To cultivate a sense of worker ownership, the union resists referrals to an agency-based center which serves many other populations.

Persistent Worker Recruiting and Tracking: The union's experiences clearly suggest that continuing center operations for a year or more following a closing or work force reduction is important to success. High participation rates have been achieved only when workers have been recruited and tracked over a long period.

Staffing: Peer counselors/union liaisons play a central role in center operations by: 1) providing workers with individualized attention which is most effective in enhancing job search and adjustment to job loss; 2) giving the project credibility, especially during the early phases of the project when outreach and recruitment is particularly crucial; 3) bringing the union perspective to the program on a continuing basis; and 4) providing an ongoing link between the program, the worker, and the union.

Peer counselors are recommended for their positions by the District Director. They receive an annualized wage ranging from \$17,000 to \$24,000, which includes fringe benefits. They are paid by the union, which is then reimbursed through Title III funds allocated for the project or by the company involved.

In addition to the union liaisons/peer counselors, which have become a standard part of assistance programs for steelworkers, members are increasingly acting as center operators and program directors.

Model Variations

In most USWA worker assistance programs, especially where large numbers of workers have been affected, a separate plant-based assistance center has been established. Union leaders acknowledge, however, that a plant-based company-union center is not always feasible or appropriate. Thus, some programs are operated by a Private Industry Council, community college, the AFL-CIO, or other entity with union participation, usually including staffing and oversight. Important variations of the USWA model represented among projects serving USWA members include:

Programs Operated by a Network of Agencies: In a number of cases, a statewide or regional worker assistance initiative is operated by a network of local agencies at chosen sites. In Pennsylvania, five local agencies are instrumental in operating steelworker assistance programs at six sites.

Programs Operated by the AFL-CIO or the Human Resources Development Institute at the USWA's Request: Some steelworker assistance programs are operated by HRDI or other arms of the AFL-CIO at the request of the USWA. These include special programs for copper and iron ore miners operated through the AFL-CIO in Michigan (in one such case, the program director is a former steelworker); and a statewide program in Ohio and a regional program in the Houston, Texas, area—both operated by HRDI.

Local Agency-Operated Programs Serving USWA Members and Others: Where other unions or non-union plants are involved, local agencies sometimes operate dislocated worker assistance programs on behalf of the membership as well as the other workers. As indicated above, these programs generally have substantial steelworker participation, including staffing and oversight via participation on steering committees and community task forces.

International Supportive Activities

In addition to the model described above, the union engages in a number of activities that support and augment dislocated worker assistance efforts. These include:

- Policy advocacy at the Federal and State levels to provide maximum support for dislocated workers;
- Ongoing efforts to secure maximum Trade Adjustment Assistance benefits and training resources on behalf of its members;
- Ongoing efforts to provide emergency services to workers in areas that have been especially hard hit by economic dislocation; and
- Continuing efforts to intervene and assist before workers become unemployed.

Project Development Process

The International has evolved a two-stage project development process that provides a foundation for planning and implementing a joint union-company-community worker assistance.

The first major stage in the project development process starts at the International-corporate headquarters level. Current collective bargaining agreements with major steel companies call for the company to work with the International's Task Force chair to establish a Joint Advisory Committee and to seek outside assistance for a worker reemployment and retraining assistance program. To facilitate early planning, a corporate representative is designated at each major steel company to function as the counterpart to the Task Force chair.

During the initial planning session, the Joint Advisory Committee sketches out a preliminary proposal for the assistance program (often based on a preliminary proposal outlined by the Task Force); develops a joint commitment and strategy with the company for seeking outside support—especially JTPA Title III funds; establishes a high-level company-union oversight structure for the project; and allocates company funds set aside for dislocated worker assistance (as per the negotiated agreements) for the particular plant in question.

The second major stage in the project development process takes place at the District level. The International contacts the appropriate District which, in turn, involves union locals in planning. The three parties share information regarding the demographics of the situation and preliminary plans for worker assistance. The union district also makes a preliminary decision/recommendation regarding who will be represented on the Advisory Committee. This generally includes the union staff representative who often becomes the union co-chair of the committee. Other union representatives on the committee often include the local union president and another person, such as a member of the bargaining committee. At the same time, company headquarters involves plant-level personnel (and company division-level personnel, if appropriate).

A meeting of appropriate company and union representatives is then held at the plant level to formalize the Advisory Committee structure, review preliminary plans and the program model, obtain input and approval on how to proceed, and begin the process of sketching out a program.

In addition to establishing a blueprint of the center program, a key goal of this early planning stage is to give local union leaders a sense of "ownership" in the program. Establishing the program's legitimacy with local leadership is particularly important to gaining for broader worker and community acceptance of the project.

During this phase of planning, Task Force representatives (as well as company officials) work to identify outside agencies, individuals, and organizations to support and participate in the assistance program. A meeting is convened with public sector and community representatives as appropriate. At the public/private meeting, the company and union usually spearhead the planning process by presenting the comprehensive center model and preliminary funding plans (including company cash contributions where appropriate). Frequently, the first part of this session is devoted to educating local agencies regarding the options available for supporting a labor-management based assistance program. At the planning meeting, basic decisions are made about resource commitments, center timeliness, basic staffing arrangements (including union personnel who will serve as union liaisons, peer counselors, and program operators), services priorities, fiscal responsibilities (e.g., who, if anyone, would serve as the Title III grant recipient), and the roles of center staff and other service providers in delivering services.

A proposal outlining the comprehensive program, its budget, and staffing is generally completed within a few weeks. The Advisory Committee then oversees the remainder of the planning and implementation process. A final critical period in the development of the center program is the program start-up phase—which includes establishing operational and administrative systems; preparing facilities; and selecting, hiring, and training staff. At this stage, "contingency" arrangements frequently are worked out to start center operations despite lags in JTPA Title III grant awards. In most cases, company and, at times, local agency funds and in-kind contributions support the project in its entirety until JTPA funding is available. The USWA also helps finance the up-front contingency period by paying the salaries of the union liaisons. (The USWA is later reimbursed by Title III funds or the company involved.)

Program Results

By late 1986, the Steelworkers had participated in over 50 worker assistance centers; approximately half of them were in direct partnership with the companies involved. Other programs for unemployed union members were operated on a State- or area-wide basis. These programs were usually administered by union-supported employment and training agencies, and guidance and peer counselors; they were commonly supported by JTPA Title III "Steel Set-aside" funds.

By the end of 1986, the union's approach, in combination with companies and communities across the nation, had produced considerable results. According to Task Force estimates, approximately 25,000 dislocated steelworkers have been enrolled in over 50 comprehensive centers providing job search and retraining. About

9,000 workers have been placed in jobs; an estimated 5,000 have completed or are currently completing classroom or on-the-job training; and about 7,500 are still active participants or are to be enrolled in new or extended programs. Over \$35 million of JTPA grants have been secured; to date, companies have contributed over \$11 million in cash. Like the USWA, companies have contributed in-kind staff, space, equipment, and facilities.

Results in the 50 centers spilled over to the collective bargaining table. The 3-year Steel Master Agreement of 1983 expired in August 1986; a new round of collective bargaining between the International and the major steel companies then began. Departing from past practice, collective bargaining was not conducted on an industrywide basis; the union negotiated with each company separately so the agreements reached were not identical. Nevertheless, the general approach to dislocated worker assistance was very similar.

After 3 years of continued closures and layoffs, and the accumulated experience of planning and operating dislocated worker centers, the International was able to define the issues more precisely. The round of 1986 collective bargaining negotiations, therefore, moved in the direction of formalizing the program approach that had developed outside the collective bargaining context since March 1983 when Appendix O was approved.

Specifically, the union requested four basic items: 1) An annual cash contribution by each company to dislocated worker assistance, not to be tied to the receipt of JTPA funding (i.e., if JTPA grants are not received the company funds would, nevertheless, be obligated); 2) The formation of an advisory committee—to make decisions regarding press announcements, program development, program administration, and funding allocations—with equal representation from the company and union at each plant for which a closing or major work force reduction is announced; 3) A formal dispute mechanism to provide an avenue for grievance resolution in conjunction with the affairs of the Advisory Committees and dislocated worker assistance programs; and 4) An extension of dislocated worker agreements to include not only those who are declared permanently separated, but “likewise those affected by prolonged or extended layoff.”

These issues were “non-adversarial” and bargained separately from the traditional adversarial issues such as wages and benefits. A company representative defined non-adversarial in this context: “. . . We were trying to work out . . . a partnership, and we were not going to get involved in the economic issues which is where a lot of the adversarialism comes in. . . . It was not a question of win or lose. The union came in with their laundry list and we worked out a compromise position which was comfortable for both.”

Most companies agreed to the International’s proposals. However, one company resisted the provisions

regarding the powers of the Advisory Committees and the dispute mechanism. The company argued that it had worked in good faith with the union in the past and that the dislocated worker effort be considered a nonadversarial issue; the company, therefore, questioned the need for dispute mechanisms or specifically enumerated Advisory Committee powers in the collective bargaining agreement. Yet after several weeks of discussions, the International prevailed and obtained an agreement similar to those reached with other companies.

Union as Catalytic Agent

The USWA’s approach illustrates how a major union can play a key role in catalyzing effective labor-management cooperation and worker assistance across an entire industry. To the International’s credit, it admitted, early in the decade, the economic realities of the situation. Workers got a clear message from the union leadership that the job market in the steel industry was narrowing and that many steelworkers would have to find other work.

More than most unions, the USWA has formalized and organized its activities to assure that high standards are met in the development of dislocated worker assistance programs for union members. The approach builds on key provisions of collective bargaining agreements, but also has relied on the voluntary cooperation of companies and community organizations in the development of effective program models and assistance centers.

The model as presented above is, of course, the ideal approach envisioned by the union. There are still instances in which a steelworker local union faced with a closure or major layoff is not fully versed on the steelworker model (especially in non-steel companies in which workers are represented by the USWA) and, therefore, relies on other means or information; or cases in which the district of a local union, for its own reasons, is reticent about cooperating in a program with the company; or in which a company refuses to cooperate and the union is left to operate the program, sometimes with community agency support.

However, the model’s existence helped the union and companies to gear up quickly in many cases. This was particularly important for some of the complicated multi-site/multi-state projects involving set-aside funds. Most importantly, the model helped the International develop a real partnership with company and has provided a basis for the union to negotiate on a program level for company funds.

The International is continuing to work to improve and strengthen programs to assist laid-off members. The new collective bargaining agreements with steel

companies provide more structure and formal commitment to the effort, thereby improving the chances that practice will conform closely with the theoretical model. The USX/USWA agreement describes center services, staffing, job descriptions, and qualifications; the agreement also includes provisions for an oversight committee and a union peer counselor, which, prior to the agreement, had not always been implemented in USX programs.

A new industrywide committee—the TOP Advisory Council—composed of representatives from all the major steel companies and the International has been created with the mandate to deal with issues and problems common to all; this committee could further strengthen the model and broaden the scope of labor-management cooperation. In late 1987, the union proposed language outlining the committee's purpose and functions (see Appendix); the committee is currently reviewing the language with the intention of developing a consensus on priorities.

Bethlehem Steel Corp/USWA Sparrows Point Center Sparrows Point, Maryland

This case study demonstrates how the assistance center approach pioneered by the United Steelworkers of America (USWA) International was put into practice at a specific site—the Sparrows Point complex near Baltimore, Md. The Sparrows Point was one of eight plants targeted for work force reductions in 1984 and 1985 by the Bethlehem Steel Corp. in a companywide restructuring process. (The other plants were located in Pennsylvania, New York, and Indiana.) The company was shutting down some facilities and cutting back production and employment at others. In 1984, approximately 6,000 workers were affected by the cutbacks including 2,000 at Sparrows Point.

The layoffs were the culmination of years of declining employment at most Bethlehem facilities. At Sparrows Point, for example, employment peaked at 32,000 workers during the 1970s. But by the third quarter of 1987, employment had dropped to 8,100, remaining relatively stable with some layoffs and some recalls at different facilities within the Sparrows Point complex.

Labor-Management Relations Between Bethlehem and the USWA

Bethlehem Steel and the USWA have a long history of developing and implementing labor-management cooperative programs (some have been documented by the U.S. Department of Labor). An earlier labor-management cooperative effort aimed at adjusting work crew sizes was considered a success by both the company and union. These initiatives demonstrate, in the words of a union official, that "relations between the company and union have always been good." The union and the company, for example, joined forces to lobby in Washington on trade issues, a cooperative effort that was considered remarkable by some USWA officials. This attitude carried over into collective bargaining on outplacement, which the two sides agreed to handle as a "non-adversarial" issue.

However, company and union officials note that in recent years labor-management relations have not been as smooth as in the past. Work force reductions and plant closings have made it difficult to sustain formalized cooperative efforts. Just as a cooperative program gets underway, a work force reduction or plant closure often interrupts the process. Nonetheless, tough economic times have taught both the company and the union that "cooperation is imperative for survival."

Planning for the Bethlehem/USWA Assistance Centers as a Group

When the company and union began preparing for major layoffs in early 1985, both sides brought a wide range of experience to the effort. The USWA had recently been involved in a multiplant worker assistance effort with the United States Steel Corp. And Bethlehem Steel had operated two worker assistance centers—one in Los Angeles and another in Johnstown, Pennsylvania—in cooperation with the USWA local and community agencies. Although the International did not consider the early Bethlehem centers bona fide labor-management cooperative efforts, the union did regard them as a positive step. Also, Bethlehem (like U.S. Steel) had already operated assistance centers for management and technical employees. And the director of an existing career continuation center at a Bethlehem plant was named director of all employee assistance programs as the company geared up for the major layoffs.

Shortly after the Sparrows Point layoffs were announced, high-level corporate managers met with union International officials, a National Association of Business consultant, and representatives of an outplacement firm. The USWA official, who chaired the Inter-

national's task force on worker assistance, outlined the union's approach to a comprehensive center. The union approach was quite similar to the one already used by Bethlehem; the only major difference was that the union's plan included peer counselors.

An agreement was reached to develop a single model that would be used at all centers run by the company and the union to ensure that workers received comparable services. The model plan called for a plant-level governing board composed of representatives from the company, the union, and, in some cases, community agencies. The company would establish a \$1.5 million fund to be shared by the various plants. (Sparrows Point received \$500,000 [\$400,000 in cash and \$100,000 in-kind] over the course of the program.) Each center would have at least one peer counselor.

An ad hoc working group composed of company, union, NAB, and Human Resource Development Institute representatives helped prepare the proposal, which was submitted to the U.S. Department of Labor. Company and union representatives also met with government officials in each State where layoffs were planned to explain the worker assistance program and begin the State portion of the JTPA Title III proposal.

Establishing a multi-site program was a complex and difficult process. Plants were located in four States, requiring four separate JTPA grant proposals and contracts; company and union officials had to work with numerous governmental agencies and PICs; and the roles of PICs/Service Delivery Areas in neighboring jurisdictions had to be clarified. In addition, the special Title III steel set-aside program required a two-to-one match with Federal funds, which was greater than the match required for standard JTPA Title III grants.

Another complication had to do with worker eligibility. Thousands of employees had been laid off from Bethlehem plants during the previous several years. Would all laid-off workers be eligible for assistance regardless of their status (permanent or temporary lay-off) or the date they were laid off? Title III requirements further complicated the situation: Workers are not eligible for assistance unless they have been "terminated" from their jobs or have been laid off and are "unlikely to return to their former industry or occupation." Since the layoffs were due to work force reductions rather than permanent plant closings, it was unclear whether the workers would be eligible for Title III funds.

Pennsylvania took the position that the workers were not eligible, but Maryland declared that they were. Finally, the company and union reached an agreement with Labor Department that enabled laid-off workers in designated Standard Industrial Category (SIC) codes to be eligible for assistance under the special steel and copper industry set-aside program. This resolved most

of the problems over worker eligibility but not all of them: Some workers in the shipbuilding section were not eligible because their jobs were not included in the designated SIC codes.

Planning the Sparrows Point Center

USWA International and corporate representatives held a series of meetings with State, county, and city officials to discuss the worker assistance program. At the first meeting, there was disagreement about what approach to take. The company and union wanted a private outplacement firm to operate the center, the State wanted to use its own personnel and to house the entire project at a local occupational training center for dislocated workers.

There was also some debate about what services to provide and how the program would be structured. The State's approach seemed to place more emphasis on retraining than on job search activities. (The State job search workshops were less comprehensive than those proposed by the company and union.) The issues were resolved with some compromise on both sides.

There was also jockeying among local jurisdictions over whether the city of Baltimore or Baltimore County would be the JTPA grant recipient. It was decided that the county would be the recipient since the plant was located in the county.

In the end, governance of the Sparrows Point project followed the USWA model. The head of the International's Task Force represented the union in working with the Bethlehem corporation to plan the program and establish fundamental policies. Another International official, the union's legislative representative in Washington, D.C., worked with the steel company and the States on the JTPA Title III proposal.

Bethlehem's corporate Director of Career Continuation Programs was the company's highest level representative on the project, working with the Task Force chair and the union legislative representative to oversee all worker assistance programs. These three people directed the Federal funding process, coordinated Trade Adjustment Assistance, and attended the early local-level planning meetings to help the center get off to a good start. Involving high-level company and union representatives was especially important because so many different sites and governmental jurisdictions were involved.

At Sparrows Point, the project was headed by a tripartite governing board with one representative each from the union local, plant management, the State, and Baltimore County. The original center director, a county employee, was later replaced by a company representative. The director reported to the local governing board, which met once a month.

Overview and Operation of Sparrows Point Program

The Sparrows Point center resembles other centers planned jointly by the USWA and steel companies. Services include job search instruction (provided by a private outplacement firm), job clubs (sponsored by the Appalachian Council of the AFL-CIO), entrepreneurial training, remedial education, classroom occupational training, on-the-job training, and referral to social services.

The center has its own building, located in "neutral" territory near but not at the plant site. "There are no company or union people here," the center director said.

Every 10 days, peer counselors receive a list of laid-off workers. The counselors send a letter followed by a telephone call to each person on the list, inviting the worker for a one-on-one meeting. The peer counselor explains the center's services and talks with the worker about the problems that he or she or facing as a result of the layoff. If special help is needed, the counselor can refer the person to the Steelworker Emergency Assistance Fund. The employee may also be asked to take a basic education test.

Following the initial meeting, the worker participates in a two-day assessment workshop operated by an outplacement firm. The main purpose of the workshop is to help the participants make career decisions.

The next step is a two-day job finding workshop aimed at improving workers' job search skills. The workshops were originally led by the Human Resources Development Institute of the union's Appalachian Regional Council, but after 18 months the workshop were turned over to the outplacement firm that conducted the assessment workshops.

If they had marketable skills, participants were referred to the job developer for assistance in seeking new employment. If they were not ready to enter the job market, they enrolled in a retraining program.

Initially, the center had an unusually large staff for this type of program. The county provided a director, two job developers, two intake counselors, a secretary, and a management information services professional, who also functioned as a counselor. The union provided two full-time and two part-time peer counselors. The core staff was augmented by the outplacement firm and a nonprofit service provider. During this period, the staff and contractors were paid with JTPA Title III funds.

After the first year, the center staff was cut back substantially, partly because county administrative funding expired and partly because fewer than expected workers were participating in center programs. The pared-down staff included the director, a job developer, an intake counselor, a peer counselor, and a secretary.

The county continued to provide the job developer and intake counselor. But cost sharing between the company and the county (with Title III support) shifted over a period of time, with the company picking up all administrative costs.

All of the center's union peer counselors were workers who had also lost their jobs at Bethlehem plants. "A peer counselor must be a good listener, must understand . . .," said one counselor at the center, "[the counselor may] not necessarily agree with what a worker is saying, but since the peer counselor has gone through the layoff himself, he can empathize." All peer counselors took part in a two-day training program led by HRDI at Lyndon Hall, the union's training center in Pittsburgh.

The Sparrows Point center opened on September 1, 1985, with a one-year JTPA Title III grant. However, at the end of the original grant period, there was an agreement to extend the program for another 6 months. The company and the State agreed to split administrative costs on a 50-50 basis. In March 1987, the program was extended again, this time with the company picking up all administrative costs. In addition, two special problems surfaced:

Dropouts: The State required that the center adhere strictly to the sequence of services described above in order to be eligible for matching funds. But workers felt they were being shuffled from one place to another (the assessment and job finding workshops were held in different rooms and conducted by different instructors), and the center began to lose people. The problem was taken to the governing board, and a decision was made to hold all sessions in the same room. Staff were also instructed to explain at the beginning that the courses were part of one comprehensive program even though individual sessions were led by different instructors. According to center staff, the drop-out rate went down after these changes were made.

Recruitment: Recruiting workers was especially difficult for a several reasons:

A high proportion of the workers the center was designed to serve (60 percent to 65 percent, according to center staff) had been laid off prior to the center's opening—some as long as 5 years earlier. As a rule, it is much harder to recruit workers who have been away from the plant for a period of time than to recruit those who were laid off after a center opens. "Those laid off for a long time have less motivation, don't know where to go or what to do . . .," said a peer counselor. "Those currently laid off are more inner directed and motivated." It is also easier to recruit workers who have just been laid off or who are about to be laid off because center staff can talk to them and promote the center program while the workers are still at the plant.

However, the center director noted that workers who were laid off 4 or 5 years earlier were easier to recruit than those who had been laid off for only 2 or 3 years. Nobody at the center could explain this, although it may be that those who had been laid off for the longer period had made an emotional adjustment and were ready to move on to a different job or a new career.

In an effort to reach the workers who lost their jobs before the center opened, the center sent out letters, placed posters in churches, bars, and other public places, made announcements at union meetings, and appeared on radio talk shows. Peer counselors looked up former workers' telephone numbers and made personal calls. "It was a long slow battle to get started," the center director said. "But once we got people in, placed in jobs, they were happy with their schooling—word of mouth from that point on was probably our best selling tool."

Another obstacle to center participation was that many workers still had hopes that they would be rehired. Despite the layoffs, the Sparrows Point plant remained open, and for a period of time the company held out the possibility that some workers would be called back. In fact, well into 1987 recalls occurred at some facilities in the Sparrows Point complex even though layoffs were continuing at others.

"Everyone had the hope that they'd be called back . . . even some who had been out 2 or 3 years," a peer counselor said. "They were sure that any day that phone call would come. . . . Because of that, they never looked for a job—they saw no point in coming down to look for a job because they're going to get their job back any day now." Peer counselors would have to say: "Look, you haven't worked for 4 years now. Why not come down? When you get the call, you can go back to your old job."

Company and union officials agreed that the peer counselors (and the HRDI peer counselor training) were highly effective in dealing with a difficult situation. The company also recognized that this was a difficult role for the union to play. In the past, the union had always worked to protect jobs; but in this case, the union had to convince workers that their jobs were gone and that they had to go out and find new ones.

Outcomes

By the end of June 1987, some 815 workers had enrolled in the center program. Of that total, 381 (47 percent) had been placed in jobs and 434 were still participating in the program. A hundred and forty-seven had enrolled in occupational retraining, 36 in on-the-job training, 36 in remedial education, and 11 in entrepreneurial training. Center staff estimated that 55

percent to 60 percent of participants would be placed in jobs. A sample list of job placements follows:

- Locomotive Operator
- Warehouse Manager
- Surveyor Helper
- Truck Driver
- Office Assistant II
- Industrial Janitor
- Tool Room Attendant
- Post Office Clerk
- Counselor
- Forklift Operator
- Bus Driver
- Security Guard
- Reception Clerk
- Television Cable Installer
- Operator Technician
- Shear Operator
- Computer Operator
- Salesman
- Carpenter I
- Line Operator Secretary
- Teacher (Elementary)
- Programmer (Information Systems)
- Laborer
- Auto Mechanic
- Chemical Processing Lab
- Construction Worker
- Traffic Signal Repair

Developing a Company-Union Partnership

The Sparrows Point center was planned during 1985, before the latest round of steel industry labor negotiations but after Appendix O had been agreed to and the initial group of USWA/USS assistance centers had been planned. Although the USWA International's approach to assistance centers was still in an early stage, major elements of the union's center model were already in place, including the establishment of the International's worker assistance Task Force and its approach to cooperative efforts with companies. The fact that the union had already done much of the groundwork along with its generally positive relationship with Bethlehem Steel made it possible for the company and union to work closely together at Sparrows Point and other plants. Both company and union officials said that the centers were established through a genuine partnership.

Corporate management and the union International played an important role in creating the USWA-

Bethlehem centers—as was the case with the USWA-USS centers. The companywide approach made it possible to draw on resources that would not have been available to individual plants, especially Federal financing. This approach also fostered consistency in center services throughout the company. However, company and union officials emphasized that it is important to keep union locals and districts and plant management “in the loop” to ensure that plant managers and the union local develop a sense partnership and commitment to the center.



Appendix O of the 1983 Master Agreement Between the USWA and Major Steel Companies

The parties recognize the potential, far-reaching impact of permanent shutdowns of facilities and the need to cooperate in attempting to lessen this impact. Accordingly, in the event of the permanent shutdown of a plant, company and International union representatives shall meet to determine whether appropriate Federal, State, or local government funds are available to establish an employee training, counseling, and placement assistance program for that facility. If such funds are available, the company and union shall work jointly to secure such funds to establish a program to provide: alternative job training for affected employees within the steel industry; counseling for affected employees on available benefit programs and job opportunities within the company and the area; and job search counseling.

"In implementing such program [sic], the company will cooperate with the involved local union and State unemployment agency, other appropriate public or private employment agencies, and are employers in an effort to seek job opportunities for displaced employees. To further assist affected employees, both the company and the union will designate specific representatives at the time of any such permanent plant closing to answer questions by employees pertaining to their rights under the Basic Labor Agreement and various benefits programs."

TOP Advisory Council Statement of Purpose

Mission

The TOP Advisory Council functions as a resource to steel company members and the USWA by acquiring and then providing current information on legislative and funding issues, new developments in outplacement/retraining technology, and the status of existing programs within the steel industry and member companies.

The TOP Advisory Council may also serve as the principal agent when and if consolidated funding or grant proposals are deemed appropriate to obtain government monies designated for dislocated worker assistance. Participation in such consolidated efforts will be voluntary and at the sole option of the members.

The TOP Advisory Council with unanimous consent of the member companies and union may act as spokesperson on displaced worker legislation at the Federal and State level, and with Private Industry Council (PIC) organizations where such cooperative effort is desired by the membership of the council.

Structure

The TOP Advisory Council is a voluntary confederation of USWA representatives and representatives from steel companies involved in dislocated worker and retraining programs. Membership is restricted to companies having a contractual relationship with the USWA:

- A representative from the USWA and one from the participating companies shall be designated as Co-chairpersons and will coordinate the activities of the Council, including development of agenda items and scheduling meetings;
- The TOP Advisory Council may establish subcommittees to work on specific initiatives appropriate to the Statement of Purpose;
- Expenses for attendance at meetings of the Council, subcommittee sessions, or other related travel will be the sole responsibility of the members;
- The TOP Advisory Council does not have authority over the program, policies, or activities of a member company as related to its dislocated worker and retraining programs, nor does it have the authority to override or modify any provisions of the individual company labor agreement relative to the displaced worker provision.

Literature Review

Haber, Ferman, and Hudson (1963) summarized 17 studies of job dislocation conducted between 1929 and 1961, noting that the studies lacked theoretical continuity and a systematic approach. The studies emphasized several issues including: 1) factors affecting reemployment and retraining (e.g., age, race, and skill); 2) job

search strategies (e.g., informal job leads); 3) the mobility of displaced workers; and 4) the economic and non-economic consequences of job displacement.

Most studies completed since 1960 have taken a similar approach to that of studies completed prior to that time (e.g., Sheppard and Belitsky, 1966). But an occasional variation appeared, as in Wilcox and Franke's (1963) study of long-term unemployment. By the 1960s, researchers were taking a greater interest in policy studies, such as Schnitzer's (1970) work on relocation.

Building on findings from earlier studies, Teague (1980) described the closing of the Brown and Williamson facility in Louisville, Ky., and the work force reduction at its Petersburg, Va., plant (both events occurred in the 1970s). Teague noted three key elements were successfully incorporated in the closing and work force reduction: 1) the company gave 18 months advance notice, 2) there was strong management-union communication and involvement, and 3) the company emphasized reducing the work force through gradual attrition. Other strategies used by the company included encouraging workers to take early retirement and eliminating overtime.

These approaches have been noted throughout the history of research on plant closings and work force reductions. Assistance to workers by providing early notice, company- or union-sponsored job placement assistance, interplant transfers, training programs, and Supplemental Unemployment Benefits (SUB) are also frequently noted in the literature.

In fact, the United States government has been a leader in assisting workers and communities to cope with large-scale layoffs as exemplified by its activities when military bases are closed down. (See *1961-1981: Twenty Years of Civilian Reuse*, Office of Economic Adjustment [November 1981]; and *Economic Recovery: Community Response to Defense Decisions to Close Bases*, President's Economic Adjustment Committee, Washington, D.C. [January 1976].)

Buss and Redburn published a trilogy in the early 1980s (Redburn and Buss, 1982; Buss and Redburn, 1983a; and Buss and Redburn, 1983b) which focuses on local, State, and national policy issues arising from their study of the closing of the Youngstown Sheet and Tube Co. Martin's *Labor Displacement and Public Policy* (1983) discusses a wide range of policy issues, while Blaustein (1981) proposes consolidating services provided to dislocated workers into what he refers to as the Job Security System.

One of the major focuses of research during the late 1970s and early 1980s was the psychological and social

impact of job loss. An increase in heart disease, suicide, and child and spouse abuse was found to accompany large-scale job displacement. The Gordus, Jarley, and Perman volume (1981) emphasized the effects of job displacement on mental health. Researchers also looked at how the unemployed met their health-care needs, including their willingness and ability to carry health insurance (Lee, 1979, and the earlier work of Brenner, 1973).

Retraining was another focus in the literature of this era. *Printers Face Automation* (Rogers and Friedman, 1980) describes the differing responses of workers at the New York Times Co. to management's decision to increase automation and make changes in work demands and schedules. For younger printers, buy-outs became an option in work force reductions. Under the program, workers were offered assistance finding new jobs and allowed a "try-out" period on the new job of up to a year. If the pay was less than the worker was receiving at the newspaper, the Times paid up to one half of the worker's previous salary during the try-out period. And if the new job didn't work out, the worker could return to his former job. However, buy-outs have been uncommon in the broader work force.

Researchers in the 1980s have also focused on Federal resources—particularly Title III of the Job Training Partnership Act (JTPA). Kolberg's *The Dislocated Worker* (1983) shows that resources can be marshalled to successfully assist workers who lose their jobs through plant closure.

McCarthy (1975) studied Trade Adjustment Assistance in the Massachusetts shoe industry and found that although virtually all of his sample of displaced shoe workers believed imports should be restricted to protect jobs held by Americans, nearly 75 percent were satisfied with the adjustment assistance they had received. However, Rothstein (1986) maintains that since 1982, Traded Adjustment Assistance has been reduced by 70 percent as a result of a narrow interpretation of the significance of foreign competition as the cause of dislocation, a reduction in payments to the level of unemployment insurance benefits, and by making TRA payments only after unemployment insurance benefits have been exhausted.

Another focus of research in the 1980s has been on comparing legislation addressing plant closings and worker assistance in Canada, England, France, Sweden, and West Germany. These studies have been of particular interest, especially those focusing on legislation that requires advance notice of closings.

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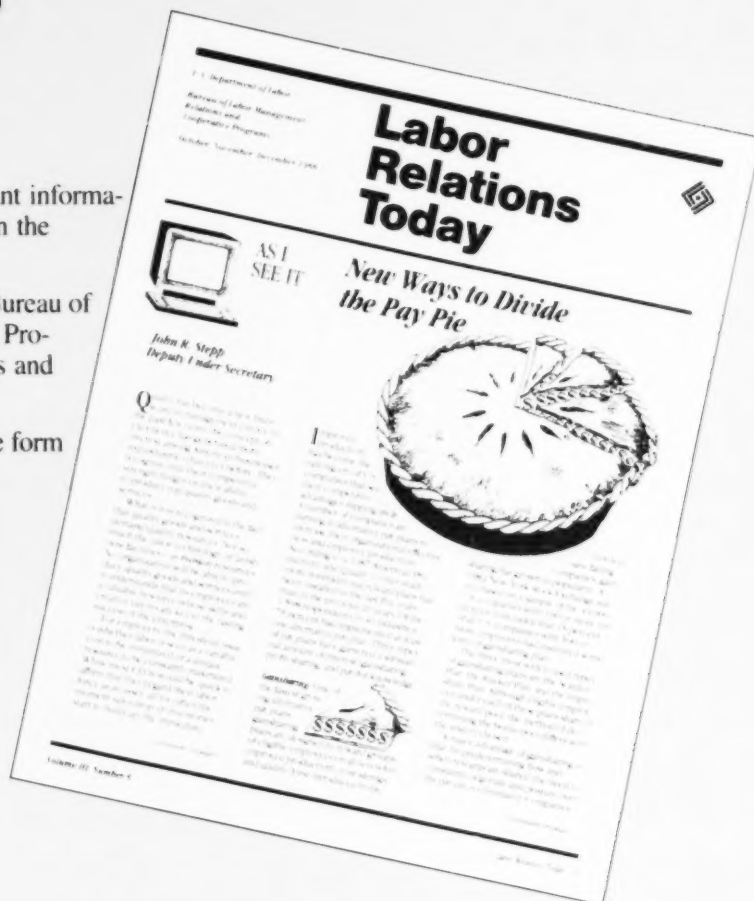
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